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CONFIDENTIAL

TITLE: A STUDY OF INDUSTRIAL RELATIONS IN THE ELECTRICAL PRODUCTS
INDUSTRY

AUTHOR: Mr. Howard J. C. Elliott,
417 Oxford Street,
Winnipeg 9, Manitoba.

DRAFT STUDY

prepared for

TASK FORCE ON LABOUR RELATIONS
(Privy Council Office)

PROJECT NO.: 55 (o)

Submitted: FEBRUARY 1968

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INDUSTRIAL RELATIONS IN THE ELECTRICAL PRODUCTS INDUSTRY

PART A INTRODUCTION

Before we begin our discussion of industrial relations in the electrical products industry it might be worthwhile to outline how this study is intended to relate to the overall work of the Task Force and why it has taken this particular format. It will be found that this study can make no definite conclusions due to the time constraint; we can make at best some speculations which given more study may turn out to be testable hypotheses. These speculations have arisen from the data gathered, plus those facts and personal beliefs related to us in the course of our field interviews with union and management representatives. It was our attempt to combine such qualitative information with those historical and quantitative things we knew about the industry and from these, derive a theory of industrial relations in the electrical products industry.

The industry studies were intended to look at industrial relations on a "micro" level; to see how experience in this industry differs from that of other industries, and to show where this industry may be an example to others. To this end we have included within the body of the study, case studies of some of the more interesting firms studied in the industry. It is our opinion that the experience of a firm is the result of a unique coupling of a given company operating within given constraints and a given union also operating within constraints. In order to build an analysis of industrial relations within the industry as a whole, we must know the nature of these

constraints and how they influence the particular cases. This is best done within the framework of a model for the analysis of industrial relations systems.

1) The Model

It is not necessary in this paper to explain at length the model that we will be using. As closely as possible we have tried to follow "A Model for the Analysis of Industrial Relations Systems" as suggested by Alton W.J. Craig in a paper presented at the annual meeting of the Canadian Political Science Association, June 7, 1967. ①

Industrial relations is defined:

to include that complex of private and public activities operating in an environment, which is concerned with the allocation of rewards to employees for their services. By referring to the complex of private and public activities this definition embraces the whole gamut of structural arrangements whereby employee rewards are allocated, ranging from unilateral determination by the state or an employer to tripartite determination involving employers, unions, and public or private agencies for their services, this definition embraces not only material rewards, but also the psychological and social rewards which employees receive in the performance of their services.

Elsewhere, an industrial relations system is described as:

a system of interaction among a plurality of motivated actors who, operating within an environment which imposes certain restraints on their behaviour, develop a set of rules, norms or standards to guide their day to day behaviour.

In this study we shall begin in Part B. with a discussion of the environment in which industrial relations in the industry operate i.e. a consideration of those factors which have been called the conditioning inputs. Among these conditioning inputs are found the economic character-

2. limits
Footnote
reference

istics of the industry, the involvement of the political system in the industry, and the social and legal framework within which all actions must take place.

Part C will be devoted to a consideration of the various actors in the system, those unions which play a leading role in the industry. We shall look at the goals, values and power of the various actors and how they compete, cooperate, or conflicts within the limits of the electrical products industries. The interaction of these actors has been one of the greatest influences on both the successes and the failures of collective bargaining in this area. We shall try to explain the historical background to this interaction and point out key instances of where it has been important in the outcome of negotiations.

In Part D we will want to look at the mechanisms for converging all these "inputs" into "outputs" -- outputs of both a substantive nature and of a psychological nature. To do this, we look at the experience of individual firms to see how different pairings of companies and unions handle the problems of conflict during negotiations and, just as significant, the problems of day to day interaction. It is unlikely that procedures in any of these companies could be transplanted directly into another company ... but if we can isolate certain general factors, making for successful relations, we might be making a contribution to those who are looking for suggestions to improve their systems.

The outputs of the system will be our subject in Part E. Among the outputs discussed will be wages, hours of work and fringe benefits as well as the psychological rewards or dissatisfactions produced by the

system. As much as possible we shall try to consider the outputs in terms of how they relate to the goals and values of the actors and how they are appropriate to the conditions of the industry. The important thing about the outputs of the system is not how they compare with other industries (except insofar as the comparison influences the goals of the actors); their importance is in how they flow via a "feedback loop" back into the system as inputs. The outputs may re-enter the system, a) directly in the way they influence the attitudes, the parties take towards each other; and b) indirectly through their effect on the conditioning inputs (such as the location of the industry or the social and political environment in which the industry must operate).

Finally, we shall try to draw some of these loose ends together into a perhaps overgeneralized theory of industrial relations in the electrical products industry.

2) The Industry to be Studied

The electrical products industry (new S.I.C. 330-339) contains eight three-digit industries, each of which is sufficiently dissimilar from the others in its production process that they can hardly be considered the same industry. For our purposes, however, the same large companies and the same industrial unions operate across the range of sub-industries so that from an industrial relations standpoint many of the differences are eliminated. In our field interviews we have tried to find representative firms in each of the sub industries. In addition, we thought it would be interesting and of considerable value to study the employee relations system of I.B.M. Canada Limited even though the establishment is technically assigned

to Office and Store Machinery (since its major output is electric typewriters). However, I. E. M. is also the dominant producer of data processing equipment - which falls within Miscellaneous Electrical Products and, therefore, rightfully within the scope of our study.

The importance of each of the sub-industries in the total of electrical manufacturing is seen in the following table which shows for 1964 (the last year for which all figures are available) the percentage of value added in manufacturing activity and the percentage of total employment falling within each classification:

S.I.C.	Title	Percent of Production Employment	Percent of Value Added
331	Small Electrical Appliances	5.4	5.8
332	Major Appliances	14.4	13.6
334	Household Radio & T.V. Receivers	6.3.	5.5
335	Communications Equipment	30.6	28.5
336	Electrical Industrial Equipment	20.2	23.4
337	Battery Manufacturers	2.3	2.7
338	Electric Wire & Cable	7.9	9.1
339	Miscellaneous Electrical Products	12.7	11.6

In our discussion of industrial relations we will want to look especially at the large companies among communications equipment manufacturers and manufacturers of electrical industrial equipment since these two classifications account for more than 50% of employment and 51% of value added through manufacturing. We are primarily interested in the large companies because they account for most of the employment within each classification.

PART B THE CONDITIONING INPUTS

1) The Economic Characteristics of the Industry

a) Structure of the Industry

1) Geographic Concentration

Electrical manufacturing is located almost entirely in the provinces of Quebec and Ontario. The following table will show the concentration of production employment in Ontario and Quebec of each of the sub industries: (1964)

<u>Industry</u>	<u>Percentage of Total in Ontario</u>	<u>Percentage of Total in Quebec</u>	<u>Percentage Combined</u>
Small Appliances	88.4	10.0	98.4
Major Appliances	70.0	24.8	94.8
Radio and T.V.	87.6	-	-
Communications Equipment	62.2	31.9	94.1
Electrical Industrial Equipment	86.4	9.5	95.9
Battery Manufacturers	66.4	-	-
Electric Wire and Cable	54.3	40.5	94.8
Miscellaneous Electrical Products	60.8	36.1	96.9

(Where no figure is given the information was withheld to conform with the statistic act.)

The industry is even more concentrated than population as a whole. Such concentration reflects the market orientation of the consumer goods industries and the need to be near the American suppliers of components.

The industry is only slightly less concentrated geographically

now than it was ten years ago. The advantages of decentralization are not likely to outweigh the advantages of concentrating production in these two provinces ^{specifically} and in the metropolitan areas of Toronto, Hamilton, Montreal, and Peterborough.

The fact that an industry is concentrated spatially can have important implications for industrial relations. Other things being equal, we would expect a greater tendency towards pattern following in an industry which is highly concentrated geographically than in one which is widely dispersed and operates in several distinct labour markets. We shall discuss later the extent to which a pattern in this industry.

11) Concentration at the Level of the Producer

It is our belief that a great deal about wage behaviour and industrial relations can be inferred from the structure of production in the industry. Where production is carried on by a few firms of roughly equal size we would expect a strong pattern to be evident as comparable companies are forced to bargain comparable increases. It is one way of taking the labour out of competition. Where production is carried on by many firms of different sizes but concentrated ^{primarily} in one or two large firms, we would expect the large firms to be kept locked in step with each other while the smaller firms are not forced to pay wages and benefits which are as great. In this case labour becomes a part of competition. The existence of wage leadership in the industry is not the only relevant factor to our study of industrial relations. A high degree of price control ^{in the industry} may also influence the behaviour of collective bargaining.

We have attempted to give below a rough measure of concentration in the various sub-industries. The measure we have used

is one of the relative inequality of establishment size. We show in Column A the percentage of the number of establishments required to account for 80% of "Value Added through Manufacturing" and in Column B we show the percentage of the number of establishments required to account for 80% of "Production Employment". The figures for the year of 1964 are :

<u>Industry</u>	<u>Number of Establishments</u>	<u>Col. A)</u>	<u>Col. B)</u>
Small Appliances	59	32.2%	37.3%
Major Appliances	39	46.1	41.0
Radio and T.V.	22	27.3	31.8
Communications Equipment	143	16.1	11.2
Electrical Industrial Equipment	119	12.6	26.1
Battery Manufacturers	26	50.0	38.5
Electric Wire and Cable	25	32.0	20.0
Miscellaneous Electrical Products	145	22.1	28.3

The lower the percentage of establishments required to account for 80% of value added or employment the greater is the degree of inequality of establishment size. If all establishments were of the same size we would need 80% of the establishments to account for 80% of employment. Where the industry is dominated by one or two large firms we find 80% of employment concentrated in a very small number of large plants. The figures given above are merely establishment data...if we recognize that the large firms often operate several establishments we will realize that the firm concentration of the industry is very high.

We cannot always infer from concentration ratios that the industry has a high degree of control over prices in the market. We can find other evidence, however, to show that the industry has profited from its tariff protection and from its high concentration. In several instances it has been found that monopolistic prices have prevailed and have been constrained only by the threat of competing imports which have to jump a tariff barrier. In the 1953 investigation of the wire and cable industry the Combines Investigation Branch concluded:

It was argued that price uniformity has operated in the public interest because the prices adopted were determined by the costs of the most efficient producer. The evidence shows some instances where the prices fixed apparently did not protect the highest-cost producers. However, it also shows many instances of price adjustments by concerted action based solely on the laid-down prices of imports from the United States and not on the costs of manufacturing in Canada. Furthermore, witnesses who testified to price discussions at meetings said that costs were not discussed. If the costs of the lowest producer always determined prices, there would seem to be little reason for the meetings, discussions, agreements, and arrangements on common prices. ④

We do not need to go so far into the history of the industry to find such examples of an oligopolistic umbrella which protects the high cost competitor. An inquiry into the electrical equipment industry in 1960 reported:

...the evidence did not disclose a continuing price agreement at present nor in the recent past. It was pointed out, however, that the two investigations conducted within a six-year period showed that the industry is composed of a few sellers facing a large number of buyers. In the more distant past they had been parties to agreements about prices and production. A systematic exchange of price list information and of production statistics persisted. Wherever possible the companies adhered to list prices thus giving rise to identical tenders. Since these practices are highly conducive to the attainment of price agreement in the absence of uncontrollable competition and excess capacity, the Director indicated his intention to keep the industry under surveillance. ⑤

The 1963 Report of the Director contains the resume of an inquiry into the electrical apparatus industry following a complaint by an American firm that the Canadian company had lowered its prices to "unreasonably low levels" to prevent him from establishing manufacturing facilities in Canada. The investigation showed that the Canadian producer had enjoyed a monopoly in the Canadian market but had been faced with increasing import competition. The lowering of prices did not prevent the entrance of the new competitor along with a third one. The inquiry was discontinued with the following conclusion:

...These changes have so altered the structure of the industry as to create a possible condition of overcapacity in the future. The entry of two new producers suggests that the margin between Canadian prices and costs had been relatively high and that the price reductions might be regarded as corrective adjustments in response to the pressure of new competition. (2)

More recently, there have been reports of the Restrictive Trade Practices Commission which point out the attempts of firms in both small and large appliance to enforce a policy of resale price maintenance on retailers of their products.

It might not be an unfair overgeneralization to characterize the electrical manufacturing industry as one in which the large firms set prices high enough to protect a margin of smaller firms. If they wished to drive the smaller firms out of business it would be possible for them to lower their prices to a level at which the smaller firms could not compete. Instead they have chosen to compete by non-price methods such as service, advertising, and selling efforts. It is often puzzling to people schooled in the theories of perfect competition to find differences in the marginal costs or marginal profits of firms without the larger, more efficient

firm driving its rivals out of business. The more efficient firm, instead of competing wherever its costs are marginally less than those of its rivals, establishes superior standards of remuneration for itself. It will be the first firm in the industry to institute new benefits for its worker such as scholarship plans, medical benefits, and SUB. It demands a higher rate on its marginal investments than its rivals to keep up its average record. Meanwhile, its top executives spend their time aiding public committees, writing briefs to the government, or involving themselves in acts of community service. When all this is taken into account it is not at all surprising to find a competitive equilibrium in which high cost firms survive easily side by side with firms of much greater efficiency.

The relevance of this discussion of industrial structure to our study of industrial relations follows from two propositions:

- 1) the structure of unionization in an industry and the behaviour of collective bargaining are influenced, among other things, by the degree of concentration in the industry and its other structural characteristics; and
- 2) a union in a monopolistic industry is in a better position, once strongly established, to pursue an aggressive wage policy since the existence of price leadership and lack of downward price pressure preclude the need for locals to make concessions to individual firms so they may attract more business by lowering prices.

As we shall see, we are able to explain a great deal of the behaviour of the electrical manufacturing industry in industrial relations by reference to the structure of the industry.

111) Pattern of Ownership and Control

The industry is characterized by a high degree of ownership from outside the country with the Americans being the major shareholders. Canadian General Electric is 90% owned by the American

parent, while Canadian Westinghouse is 71% owned by Westinghouse Electric (U.S.) with an additional 5% being owned by Westinghouse Air Brake. (There is no ownership link between Westinghouse Electric and Westinghouse Air Brake.) There is also a large amount of ownership by firms who are not primarily engaged in producing electrical products; for example, Frigidaire, Kelvinator, and Philco are subsidiaries of large automobile manufacturing companies. Finally, some large firms outside of the industry have become vertically integrated with electrical products firms; Northern Electric is a wholly-owned subsidiary of Bell Telephone of Canada and Canada Wire and Cable is controlled by Noranda Mines Limited.

We are interested in the ways in which the fact of American ownership or ownership by a firm outside the industry produces special patterns of industrial relations.

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paragraph*

Both Westinghouse and General Electric were firm in their statements that they have autonomy in their operations and that their industrial relations policies are Canadian made to meet Canadian problems. They did not hesitate to point out, however, that if they wanted consultation or advice from the parent company they would receive every cooperation. The unions dealing with these companies reported

that when negotiations begin "visitors" from the parent company check into the hotel -- they do not participate directly in the negotiations, but in the union's opinion they certainly dominate the behind-the-scenes action. We have no way of substantiating whether these visitors act merely as consultants or if they are there to enforce the demands of the parent company. Either way, there has been a remarkable similarity between the policy of Canadian General Electric and that of the parent company. C.G.E. told us that they would not go contrary to the parent company's philosophy relative to contributory pensions or other matters which were questions of principle, however, other industrial relations and programs. policies/are implemented at their own discretion. Nevertheless, when the American company negotiated its five year agreement in 1957 the Canadian company followed the pattern and when they/^{later} abandoned the cost-of-living escalator, C.G.E. was not long in following suit.

Northern Electric used to have very close relations with Western Electric in the days before the American anti-trust division forced Western to divest itself of its interest. Not only would Northern Electric have

access to new technological developments but it would also discuss its incentive plan and other labor matters with Western officials. Since the break however, there has been more experimentation in Canada and, in the opinion of the company, it has been to their great benefit. Bell Telephone does not interfere with the management of Northern/^{Electric} as long as Northern manages to pay its annual dividend to them. This dividend has assumed the nature of a fixed charge - it represents a cost which must be met by the company even though it is classified as profits paid out as dividends.

It enters collective bargaining in a unique way: the union sees large profits being made by the company and demands ^{its} share; while the company claims those are not profits at all but virtually fixed charges which must be met. This difference in the way each party views the same item, has the effect of widening the gap between them -- increasing the union's aspirations and decreasing the company's willingness to pay. ¶ A similar situation arises with C.G.E. and Westinghouse who finance their expansion internally out of retained earnings. In their opinion they are not making profits but barely meeting their capital requirements. The U.E. (which at times seems xenophobic) has claimed that such internal financing is a policy designed by the American owners to force Canadians to finance their own development while not having to dilute American ownership and control through the issuance of new share certifi-

cates which could be bought by Canadians. It is easy to underestimate the role which such a feeling plays as an input of the industrial relations system when a communist union meets the foreign monopolists at the bargaining table.

There are also some firms operating in the industry which are family-run companies or are being managed by the founders. Although it is a difficult hypothesis to prove, we were told by the unions on repeated occasions that such companies are typically difficult to deal with: either there are too many parties with their "hands in the till" who see union gains as personal losses, or there are the founders who resent the union's attempts to encroach on their freedom to do "what is best for the company". We suggest an additional reason: the private company is likely to be smaller than its competitors and less able to afford major concessions. Whatever the reason may be, such companies have a poor reputation among union people.

iv) Unionization Patterns

We will leave our consideration of the various actors and their characteristics until later. In this section we shall merely outline the pattern of unionization which has arisen in the industry. Approximately 75% of the production workers in the industry are unionized--a higher percentage than for manufacturing as a whole. The degree of unionization, however, does not give us a complete picture since only 40% of the workers are members of the Canadian Labour Congress, while the remaining 35% belong to the expelled United Electrical Workers or to the independent Northern Electric Employees' Association. Moreover, the 40% of the workers who do belong to C.L.C. affiliates are divided among a number of unions so that the non-C.L.C. unions are among the most significant.

Both of these unions have been faced with continuous raiding by the C.L.C. affiliates but have been, in spite of such attempts, very secure in their positions. We may explain this security with reference to the proposition that is easier for a union, once strongly organized, to maintain its organizational strength in a concentrated than in an unconcentrated industry, because greater freedom of entry and greater mobility of capital in the latter situation tend to undermine the union's jurisdictional control. This industry is highly concentrated; there has been little turnover of firms within given sub-industries, and few new entrants. Likewise, the turnover of bargaining units has not been significant. "Raids" in the industry are usually no more than cases where new unorganized plants of established companies become the battleground for competing unions. The advantage in such battles usually lies with the union that has organized the main plants of the company and this may explain the noticeable stability of the union structure.

b) The Canadian and American Industry Compared

It is impossible to try to discuss the Canadian electrical products industry without comparing it to the corresponding American industry. The ability of the Canadian industry to survive is intimately connected with its competitive position in general and its position vis-a-vis the United States in particular. We shall try to compare Canadian and American electrical manufacturing with respect to such things as the importance of the industry in the overall economy and changes in productivity, profitability, and relative wages.

1) Relative Importance in the Economy

Our starting point must be that the American electrical and electronics industry is relatively more important in the economy than its Canadian counterpart. The following table compares the two with respect to value added in the industry as a proportion of value added in all manufacturing; employment in the industry as a proportion of employment in all manufacturing; and net output in the industry (based on net national income at factor cost by industry in the U.S. and gross domestic product data in Canada) as a proportion of net output for the total economy: ⑤

Relative Importance of the Electrical and Electronics Industry
in the Economy, Canada and the United States 1960-64

	<u>Canada</u>	<u>United States</u>
Value Added in the Industry as a proportion of value added in all manufacturing	6.2%	8.4%
Employment in the Industry as a proportion of employment in all manufacturing	6.2%	8.4%
Net Output in the Industry as a proportion of net output for the total economy	1.8%	2.5%

The industry is relatively larger in the United States because it produces many products which are not yet produced in Canada. As the Canadian market for these products grows it can be expected that Canadian production will develop.

It would be incorrect to say that because the industry is larger in the United States it is more likely to come under public scrutiny. However, the reason the American industry comes under greater observation is that the Americans are engaged in a war in Vietnam which requires the output of the industry and the government is showing itself less willing to tolerate work stoppages than it would be in times of peace. The true measure of the importance of this industry is found not in how many people it employs or how depressions here are transmitted to other industries, but in how urgently the products of the industry are demanded. In normal times the demand is not crucial and can often be postponed.

ii) Productivity

Because the industry is larger in the United States than in Canada it is able to be more specialized. This can be seen quite superficially in the fact that the Canadian major group is broken down statistically into 8 three-digit industries, while the American industry is divided into 33 four-digit groups. Where a Canadian plant will produce several product lines, necessitating high changeover and setting up costs, the American industry will have several specialized plants, each of which produces only one product line. American productivity is undoubtedly higher than

Canadian -- the question is whether or not the differential is narrowing or widening. The graph on page 24 is an index of value added per man-hour using 1949 as a base year.

We notice that productivity in the Canadian industry increased faster than in the American industry in the early 1950's. This happened to be a period of heavy investment in Canadian productive capacity. The impression we get is that when the peak of output (1956) had passed the industry was left with a good deal of excess capacity which, due to indivisibilities, resulted in lower output per man-hour in the Canadian industry. Since that time the American and Canadian industries have improved productivity at approximately the same rate, but with the Americans maintaining their differential. Most Canadian companies expressed confidence that the gap could be narrowed if/ ^{the unions allow them to} make those reorganizations which are necessary to increase efficiency.

iii) Productivity and Wages

It is a controversial area which one invades when he borders on the wage parity issue and the way in which Canadian productivity and wages compare to wages and productivity in the United States. It has been suggested that lower productivity in Canada is offset by lower wage rates leaving Canada in a fair competitive position with the United States. A rough check on this proposition by R.C. Gilstorf, an economist with the Department of Industry, yielded some interesting results. Quantifying labour output as being value added per production employee, he found that Canadian output per employee is approximately 70% of the corresponding

Index of
Output
per man-
hour &
Average
Hourly
Earnings

Electrical Products Industry

(1949 = 100)

Value Added
per man-hour
(U.S.)

Value Added
per man-hour
(Can.)

A.H.E.
(Can.)

A.H.E.
(U.S.)

250

200

150

1950

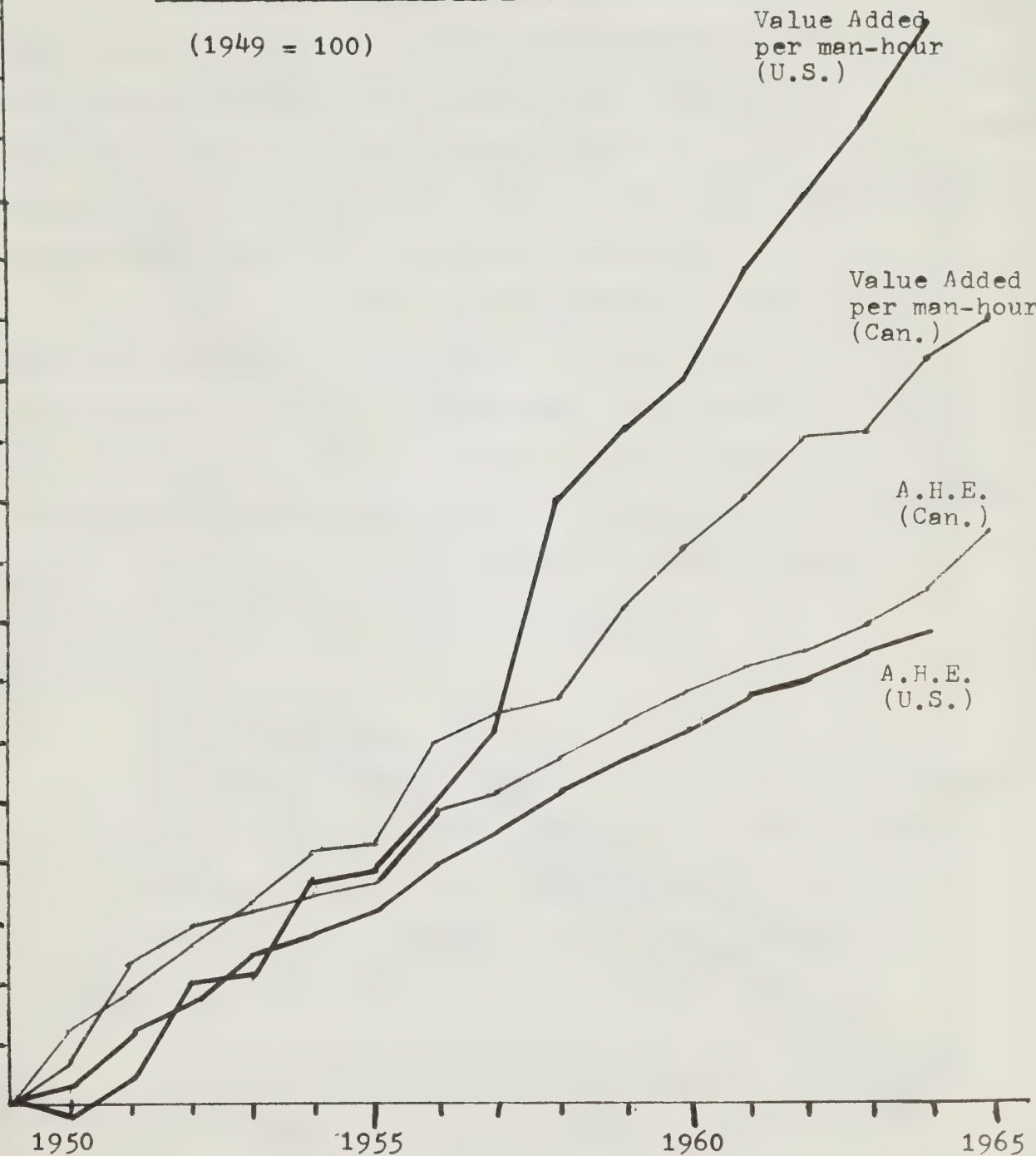
1955

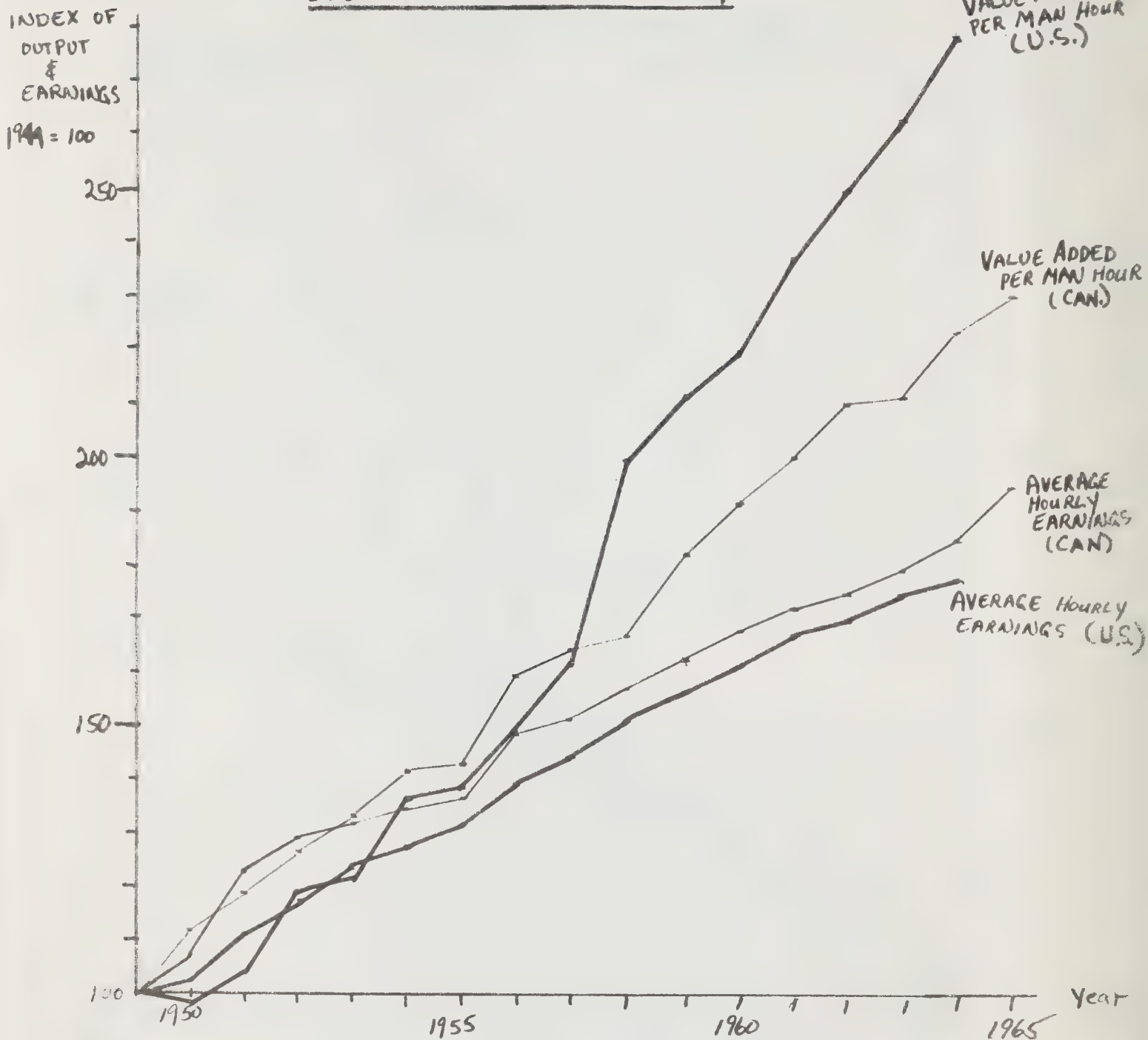
1960

1965

Sources: U.S. figures--from study for Task Force on Labour
Relations by A. de Silva (1967)

Canadian figures--from study for Department of Labour
by W. Carroll (1967)



ELECTRICAL PRODUCTS INDUSTRY

Source: U.S. Figures--special compilation for Task Force
by A. de Silva (1967)

Source: Canadian Figures--special study for the Dept.
by W. Carroll (1967)

output for the U.S. industry. In 1964, Canadian average hourly earnings \$2.02 were approximately four-fifths of the U.S. earnings (\$2.52). The conclusion we draw from this is that with productivity only 70% of the American level and wage rates 80% we have a higher labour cost per unit of output which puts us at a competitive disadvantage.

If we were to relate increases (~~increases~~) in average hourly earnings to increases in value added per man hour, we would find that in both countries, output ^{per man hour} has been rising faster than earnings (as the unions have been claiming), however, in the United States the gap between output and earnings has been widening faster than in Canada, giving the American industry an increasing competitive advantage in terms of their labor input. These trends have ^{also} been shown on the graph on page 24.

iv) Profitability

The American industry has enjoyed a much more favorable profit position than the Canadian industry. A glance at the following Canadian - American comparisons will point this out quite clearly. Other studies have indicated that these comparisons are representative of differences in profitability for the industry as a whole: (6)

Comparative Performance Ratios

	<u>1965</u>	<u>1964</u>	<u>1963</u>	<u>3 Year Average</u>
Canadian Westinghouse				
Profit Margin	2.3%	2.1%	1.7%	2.0%
Return on Common Equity	6.9	6.2	5.0	6.0
Canadian General Electric				
Profit Margin	4.5	5.3	4.4	4.7
Return on Common Equity	9.7	10.5	9.7	10.0
Westinghouse Electric (U.S.)				
Profit Margin	4.5	3.4	2.3	3.4
Return on Common Equity	10.3	7.8	4.8	7.7
General Electric (U.S.)				
Profit Margin	5.7	4.1	5.3	5.0
Return on Common Equity	16.3	11.0	14.5	13.9

We note that Canadian General Electric is larger/and more profitable than Canadian Westinghouse -- something that makes it the logical company to be the price and wage leader.

v) The Export - Import Position of the Industry

Because of the small domestic market for manufactured goods Canadian firms depend on a growing export market for expansion of their sales. In highly seasonal industries (such as Radio and T.V. manufacturing) a strong export trade helps to even out the fluctuations in employment which would otherwise take place. In Canada exports account for approximately 9 - 10% of factory shipments compared to only 3½ - 4½% in the United States.

①

The following table gives an indication of the role of exports and imports in the industry. The electrical sector of the industry includes small electrical appliances, major appliances, electrical industrial equipment, electric wire and cable, batteries, and miscellaneous electrical products. The electronics industry includes household radio and television receivers and communications equipment, plus estimates for aircraft and navigational equipment and data processing.

Production, Import and Export Data, Electrical and Electronics Industry, 1960-66

Year	Electrical and Electronics Industry		Electrical Industry		Electronics Industry		Electrical and Electronics Industry		Electrical Industry		Electronics Industry	
	Production 1) (million \$)		Imports as % of Domestic Disappearance		Exports as % of Production		Domestic Disappearance 1) (million \$)		Imports as % of Domestic Disappearance		Exports as % of Production	
1960	1,199.1	829.1	370.0	1,482.1	23.9	46.8	1,030.4	31.7	21.9	28.5	2.9	12.7
1961	1,267.0	837.0	430.0	1,540.5	24.4	68.2	1,031.5	509.0	22.1	28.9	4.0	15.9
1962	1,453.2	928.2	525.0	1,762.1	25.4	103.8	1,152.5	609.6	22.5	30.9	3.8	19.8
1963	1,605.0	1,035.0	570.0	1,857.1	23.0	127.1	1,232.4	624.7	19.8	29.1	4.6	22.3
1964	1,711.2	1,106.2	605.0	1,970.9	23.4	136.9	1,272.9	698.0	18.1	32.9	5.8	22.6
1965	1,992.0	1,317.0	675.0	2,305.0	23.2	148.0	1,511.0	794.0	17.7	33.6	5.6	21.9
1966	2,272.0	1,497.0	775.0	2,690.0	26.1	195.0	1,712.0	978.0	17.8	40.6	6.0	25.0
<u>Imports</u>												
1960	353.9	225.4	128.5	23.9	46.8	24.1	1,030.4	31.7	21.9	28.5	2.9	12.7
1961	375.2	228.0	147.2	24.4	68.2	33.5	1,031.5	509.0	22.1	28.9	4.0	15.9
1962	447.9	259.4	188.5	25.4	103.8	35.1	1,152.5	609.6	22.5	30.9	3.8	19.8
1963	426.4	244.6	181.8	23.0	127.1	47.2	1,232.4	624.7	19.8	29.1	4.6	22.3
1964	460.5	230.7	229.8	23.4	136.9	64.0	1,272.9	698.0	18.1	32.9	5.8	22.6
1965	535.0	268.0	267.0	23.2	148.0	74.0	1,511.0	794.0	17.7	33.6	5.6	21.9
1966	702.0	305.0	397.0	26.1	195.0	89.0	1,712.0	978.0	17.8	40.6	6.0	25.0
<u>Exports</u>												
1960	70.9	24.1	46.8	23.9	46.8	24.1	1,030.4	31.7	21.9	28.5	2.9	12.7
1961	101.7	33.5	68.2	24.4	68.2	33.5	1,031.5	509.0	22.1	28.9	4.0	15.9
1962	138.9	35.1	103.8	25.4	103.8	35.1	1,152.5	609.6	22.5	30.9	3.8	19.8
1963	174.3	47.2	127.1	23.0	127.1	47.2	1,232.4	624.7	19.8	29.1	4.6	22.3
1964	200.9	64.0	136.9	23.4	136.9	64.0	1,272.9	698.0	18.1	32.9	5.8	22.6
1965	222.0	74.0	148.0	23.2	148.0	74.0	1,511.0	794.0	17.7	33.6	5.6	21.9
1966	283.0	89.0	195.0	26.1	195.0	89.0	1,712.0	978.0	17.8	40.6	6.0	25.0

- 1) Value of factory shipments
2) Production plus imports minus exports

We note that there are slightly different trends appearing in the electrical and the electronics industries. In the former imports are declining as a percentage of domestic disappearance (a measure of the domestic market) while exports are rising as a percentage of production. It appears, therefore, as if Canada is moving towards self-sufficiency and greater competitiveness in this area. The electronics industry is also growing but in a slightly different way. Exports have been rising as a percentage of production but imports have also been growing as a percentage of domestic disappearance. As the industry becomes more open it may become more vulnerable to fluctuations originating outside the control of Canadian fiscal policy.

Under the recent tariff reductions Canada lowered its rates on electric telegraph and telephone equipment, batteries, and electrical apparatus to $17\frac{1}{2}\%$. Duties on radios, television sets, and phonographs were reduced from 20% to 15%. On their side the Americans reduced rates on television apparatus and parts from 10% to 5%; on telephonic apparatus from 17.5% to 8.5%; and on refrigerating equipment from 10.5% to 5%. The increasing openness in the trade of electrical products will mean that the industry will go through a period of adjustment which may lead to labour problems especially among the smaller firms. The effects of the move towards freer trade were outlined by President Marquez of Northern Electric:

Productivity improvement is the master key to improving our competitive position, but productivity improvement usually comes about as a result--a response--to the pressures of new situations, rather than appearing as a prime mover. Our productivity in the electrical industry will improve

to the extent that we put ourselves under pressure to improve it--I don't mean by forcing people to work harder--I do mean by the design and introduction of better instruments of production; by combining the instruments of production more skilfully and perhaps most of all, by eliminating unnecessary activities, many of which we have learned to carry out with greater efficiency. (B)

Such changes involve the jobs of workers and we can anticipate a new emphasis on protections against displacement through technological change. Already increased competition has made the likelihood of layoffs a current concern in certain parts of the industry. The January 17, 1968 Globe and Mail Report on Business describes the plight of manufacturers of power transformers and allied equipment who expect up to 40% spare capacity later this year.

All companies said the spare capacity has resulted from increasing overseas competition for contracts in Canada. They added that the electrical industry in general suspects many of the bids are being made at dumping prices. Mr. Squires (Ferranti-Packard) estimated that about a third of the \$60 million-a-year transformer business in Canada went to overseas companies in 1967.

All the companies mentioned that if the present trends continue there will probably be fairly major layoffs in the industry later in the year.

c) The Pattern of Adjustment to Competition

When an industry is faced with increasing competition from foreigners in its own market it can follow one of several possible patterns of adjustment. In this section we shall consider four possibilities: the international corporation, the geographically mobile company (a "runaway" in union terminology), the firm which subcontracts for parts made more cheaply outside of the plant, and the firm which makes organizational and technological changes to increase productivity.

Most of the large companies in the electronics part of the industry are Canadian subsidiaries of large international corporations with low-cost Japanese branches which produce components and in many cases the final product itself. For example, R.C.A. Victor in Canada is a wholly-owned subsidiary of R.C.A. International which also owns Sanyo Electric in Japan. With an organization such as this one R.C.A. International is able to rationalize production on an international basis while still keeping production within the same parent corporation. R.C.A. Victor in Canada found that it could import finished radios from the Japanese firm cheaper than it could make them in Canada so they discontinued this line.

One wonders if what we are seeing is an international division of labour which has quite different effects on production in Canada than international competition would have. If the Japanese firm had been a true competitor rather than a part of the same organization might not the company have tried harder to improve its competitiveness before abandoning the line? This exporting of Canadian jobs has not been very serious as far as we can tell but it is an ever-present danger when the industry is so dominated by foreign capital.

The geographically mobile firm is known to the union under the names of "runaway firm" or "Chamber of Commerce firm". In the United States there has been quite an incentive for firms to leave their New England base and move to the South where cheaper labour and the "right to work" laws give them a labour advantage. In Canada there are isolated cases of smaller firms which try this method of adjustment by moving out of Toronto or Montreal and starting production in a small town with pools of available workers.

It has usually been in connection with such firms that the few cases of violence in the industry have occurred. Since the firm has moved out of the metropolitan centre to escape the high union wages it is usually prepared to fight the organization of the workers at its new plant and will take advantage of the availability of workers willing to cross the picket lines.

One example of this type was the move of Amalgamated Electric from Toronto to Markham in 1963. The company, a subsidiary of General Electric Company of Great Britain (no relation to the American company) decided to move its plant from Toronto to Markham where it intended to draw upon a supply of local labour at wage rates significantly lower than it was then paying. In order to bring the new plant into production, however, it was necessary to transfer certain key workers who were paid their former rates. None of the other workers were given the chance to transfer even at the lower rates. The union claimed that the company had hand-picked the workers to be transferred without regard to the seniority provisions of the collective agreement. The company refused to meet with the union to discuss the move, the transfer of some employees, or provisions for those who were thrown out of work. The following passage from the Toronto Globe and Mail (July 3, 1963) is representative of the public censure that Amalco evoked:

...This is the sort of conduct on the part of management that invites government regulation and control of business. Businessmen have often contended with reason that parts of our labour legislation tie their hands in dealing with unions. They should realize that much restrictive legislation was borne out of the need to correct injustice. If companies will not voluntarily deal fairly with their

employees, governments assume the right to step in and enforce fairness.

...The behaviour of Amalgamated Electric damages the cause of all Ontario business and strengthens the demands by unions for government control of company moves. It is to be hoped that responsible business will convey its disapproval of such tactics to Amalgamated Electric.

Incidentally, this incident saw a new technique in union publicity instituted: the U.E. "jet-setted" two of its representatives to England where they picketed outside the parent company to bring pressure on the parent company to reverse the decision to move. However, the move went on as planned, the U.E. managed to organize the plant and led the workers out on strike over the terms of the first agreement. The company responded by bringing in strikebreakers and finally breaking the U.E.'s attempt to gain a strong contract.

The unions were also critical of another type of mobile firm which they call a "Chamber of Commerce" firm. It is a type of firm which is footloose: it has low capital requirements, it can set up its operation in any town which has cheap labour and an available building, and will move out if it can find a better place to go. The unions have described Lanark Manufacturing in Dunnville as such a firm. In their account the company was induced to come into the town on the assurance that there were at least 400 women available for and willing to work and that there was a vacant building left from a plant which had just moved out. The company began with a work force of 200 women who were immediately organized by the Machinists (I.A.M.) In their first negotiations the organizers recommended that the women not accept the company's offer: a five year agreement with low wages and small yearly increases. The company took the position that if the women did not accept the offer they

would simply move the plant out of town. The women decided to accept the five year agreement, but within a year all but 25 of the original women had quit. In order to bring the plant work force up to the anticipated 400 workers the company brought women in from Welland, many of them married to men working in plants organized by the United Electrical Workers (U.E.). This led to a decertification of the Machinists in 1964 and an attempt by the U.E. to make a better bargain with the company. Once again the company made a low offer and refused to move. The union struck the company for six months before they were forced to give in because of financial reasons. The company, however, had very little to lose by taking a long strike and were thereby able to defend their low wage structure.

The third method of adjustment to competition is to subcontract work to producers who can perform that service or manufacture that part cheaper than it can be done in your plant. For their part the unions have attempted to get definitive clauses in their collective agreements which will prevent jobs now performed within the bargaining unit from being taken out of it. The threat raised by subcontracting is greater than the mere loss of membership in the local. The threat of having work done in a non-union or lower wage shop may force the union to keep its demands below what the company is able to pay. In this way the union's bargaining power is undercut if it cannot unionize the subcontractor.

Clauses dealing with the management's right to contract out work are extremely controversial and no matter how stringently they are worded each issue is likely to go to arbitration. Some of the cases may seem ludicrous to the outsider. One company was faced with a grievance that it should have hired a new employee to cut the grass rather than contract with a landscaping firm. Others have surprising endings. R.C.A. Victor had a clause

in which the company agreed not to give to others work which was normally performed within the bargaining unit. A judge experienced in labour arbitration had even commented before the case that the clause seemingly circumscribed the company's ability to contract out work of any type. However, when the test case came to arbitration the board ruled that clause meant only that the company agreed not to let its office employees perform jobs in the plant. It appears that each case comes so close to infringing on management's right to manage that all of them will go to arbitration.

The fourth method of adjusting to competition is that mentioned by President Marquez of Northern Electric: to improve methods of production and raise productivity. Let us look in this next section at the impact of technological change and improved efficiency on the labour input in the electrical products industry.

d) The Impact of Technological Change on the Labour Input

The industry has traditionally demanded semi-skilled workers, and for the industry as a whole women constitute about 30% of all employees. The following table shows the male and female production employment in each sub-industry for the year 1964:

<u>Industry</u>	<u>Male</u>	<u>Female</u>	<u>Total</u>
Small Appliances	1,962	1,516	3,478
Major Appliances	8,685	548	9,233
Radio and T.V.	2,062	1,994	4,056
Communications Equipment	9,955	9,666	19,621
Electrical Industrial Equipment	10,601	2,358	12,959
Battery Manufacturers	1,071	433	1,504
Electric Wire and Cable	4,787	274	5,061
Miscellaneous Electrical Products	4,315	3,852	<u>8,167</u>
			<u>64,039</u>

We notice that women are almost equally represented in the electronic and communications equipment industries where the work is light and requires a high degree of dexterity. On the other hand, they are scarcely represented in the electrical industrial equipment or major appliance industries where the work is heavy. In the heavy apparatus sector there is a demand for workers of higher skill since they are required to follow detailed blueprints of custom-built apparatus.

The equipment used in the industry varies widely from product-line to product-line. In the making of heavy apparatus the cranes and machine tools are suitable for making a variety of products. In the consumer-oriented industries many of the machines are suitable for making only one type of product and as consumer demand shifts from this product to another the machines become obsolete. If the product is no longer demanded this means that the labour that used to run these machines will no longer be needed. Fortunately, however, a levelling-off of demand for electric toothbrushes is followed by an increased demand for electric carving-knives^{or some other product} so that the industry is able to adjust to such changes in demand without large dislocations of workers. As long as the industry has been expanding it has been able to absorb any workers who would have been permanently laid-off in the absence of such growth.

In addition to fluctuations in ^{product} demand

which cause direct fluctuations in the demand for labour we have also seen technological changes and reorganizations in the industry which have reduced the demand for workers. In the post-war decade the industry undertook large capital expenditures of the "capital widening" variety. The industry expanded and employment along with it. In the mid-fifties the industry began a reorganization which was designed to economize on the labour input and increase

the amount of capital per worker (capital deepening). Increases in general efficiency without increases in the capital per worker also served to reduce the demand for labour.

When the demand for electrical products fell after its peak in 1956 the industry responded with large layoffs beginning in 1957 and continuing through to 1961. These layoffs, however, were not associated solely with a cyclical decline in demand for, as we can see from the graph on the following page, the industry continued to make permanent layoffs long after demand had revived and surpassed its 1956 peak. The unions have accused the companies of using the recession as an excuse to "do some housecleaning" and layoff workers it had no intention of recalling under the guise of ^a temporary layoff due to the recession.

Not only has technological change reduced the relative amount of labour needed but it has also changed the nature of the labour that is needed. With the automation of certain processes the industry has increased its demand for skilled maintenance men and men capable of setting up complicated machines. The semi-skilled worker who knows how to run the machine but not how to change it over to another process is being replaced at the hiring level by graduates of technical schools who are able to perform these tasks or learn them easily.

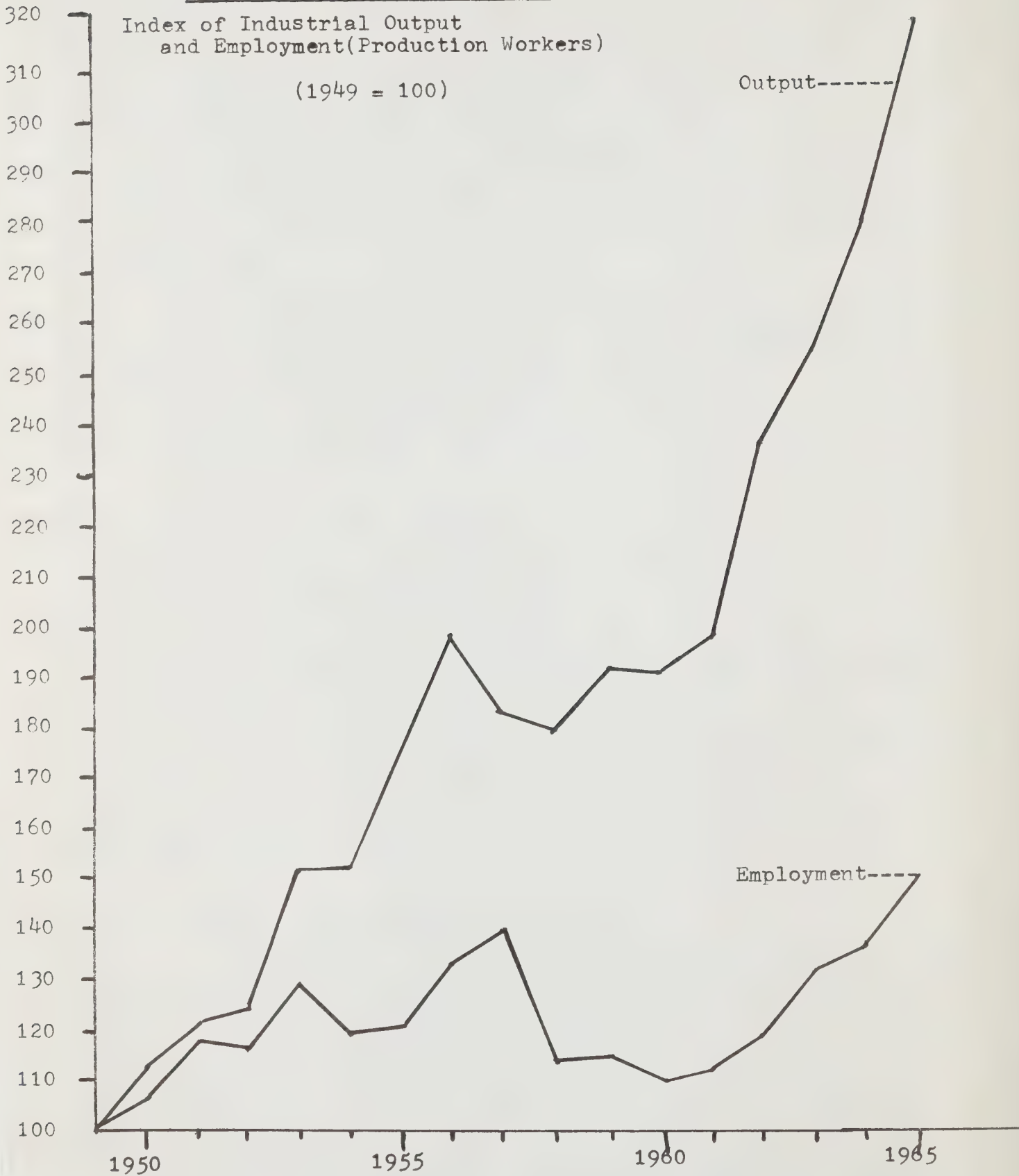
The unions have been waging a completely unsubtle campaign for non-cooperation in the area of improving efficiency. One sees recurrent articles, references, and cartoons about the worker who loses his job because he told the boss a way of increasing output while reducing the amount of labour needed. On the other hand we can hardly expect the unions to buy the company's "team consciousness" approach when it is the worker's job which is at stake.

Electrical Products IndustryIndex of Industrial Output
and Employment (Production Workers)

(1949 = 100)

Output-----

Employment----

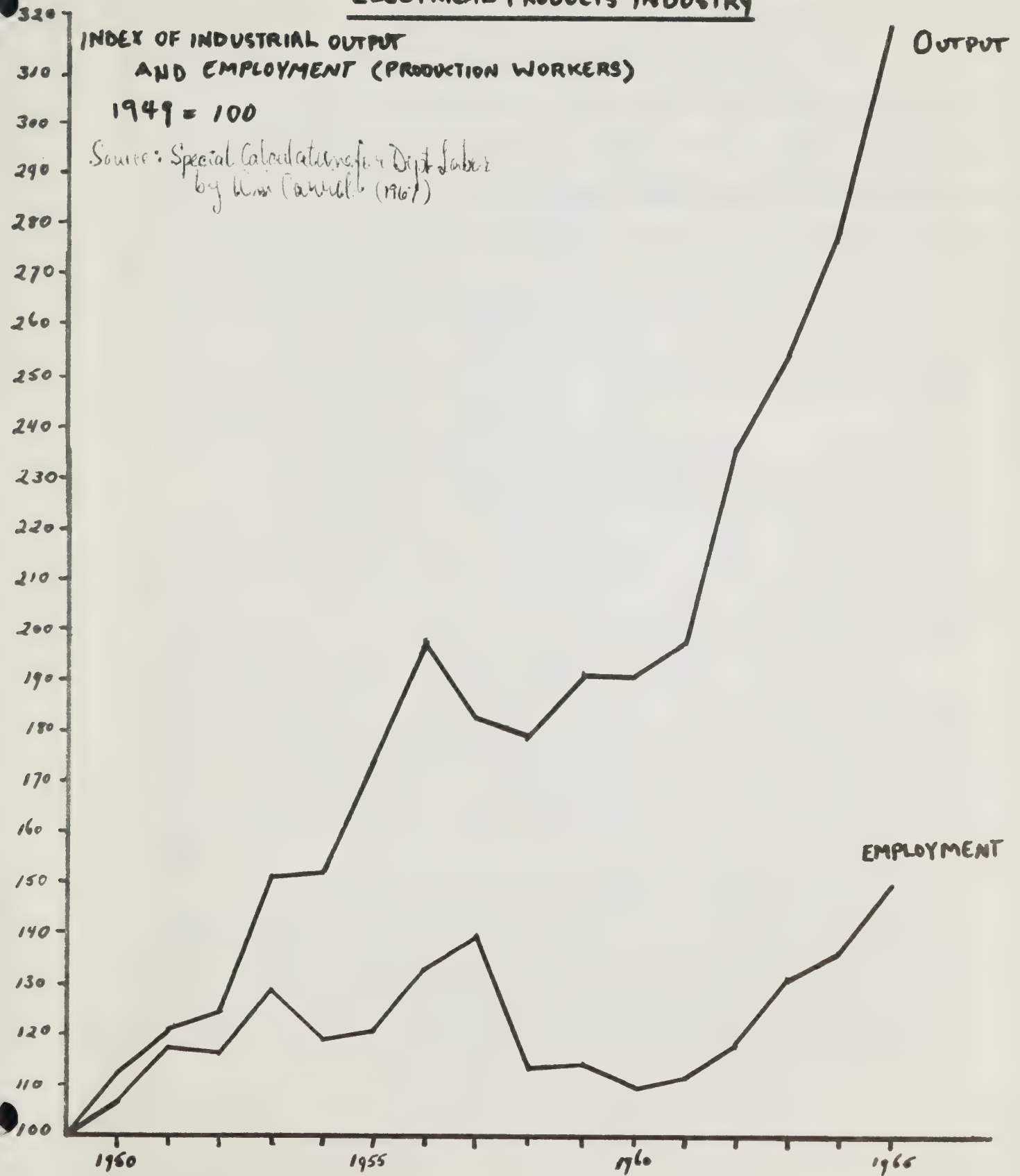


ELECTRICAL PRODUCTS INDUSTRY

INDEX OF INDUSTRIAL OUTPUT
AND EMPLOYMENT (PRODUCTION WORKERS)

1949 = 100

Source: Special Calculations for Dept. Labor
by Wm. Carroll (1967)



This concludes our discussion of the way in which the industry adjusts to competitive pressures. Let us turn to the final conditioning input of an economic nature - the relevant labour market conditions.

c.) Local Labour Market Considerations

Most of the firms in the industry draw their labour from the surrounding area (within 10 or 15 miles in the cities and within 25 miles in the country). Since the bulk of the employees are semi-skilled, the companies have no trouble in recruiting workers who will be able to learn the job in a reasonable period of training which the companies sponsor. In addition, there is an important core of skilled machine tool operators which must be recruited from technical schools or trained in the plant. Companies in small towns such as Brockville and Belleville have to import skilled workers from the metropolitan areas and it is these workers who are constantly in short supply.

Most companies in the metropolitan areas feel that their demand for workers is not so large that increases or decreases would affect other firms in the area. In some smaller towns there may be a dominant employer whose wages are higher and demand for workers is greater than other firms in the area (e.g. Automatic Electric in Brockville); but in no case did we find that such dominance affected the ability of the other plants to get satisfactory employees. R.C.A. Victor in Prescott has no trouble hiring employees for a similar type of work as that at Automatic Electric. In fact, a large proportion of the plant work force at both companies has at one time or another worked for the other firm.

General Electric reported that it tries to avoid excessive dominance of any local labour market ("subject to good economics") and

partially for this reason moved some of the product lines out of its Peterborough plant, which has reached its limit of expansion.

Since most firms in the industry pay at least average wages for manufacturing they have no trouble recruiting the semi-skilled workers they need even when the labor market is tight. Those firms which have had trouble recruiting skilled workers have increased wages during the course of their agreements in order to attract them, or have promoted workers within the plant and hired new workers at the lower skill levels.

Not all of the conditioning inputs in the system are of an economic nature. The political system, the legal framework, and the social structure all enter the system as conditioning inputs.

2) The Political System as a Conditioning Input

Industrial relations must operate within the limits which the political system places upon them. Since our political system is avowedly democratic we accord to the actors in the system all the freedoms consistent with democracy -- the freedom of self determination, the freedom to resort to economic pressures including strike or lockout; and the freedom to solicit the support of the public in aid of the strike. These private rights have been held as sacred and the public is not prepared to see them abrogated except when the exercise of them inconveniences that very public in any small way.

We see evidence all around us that the public will not tolerate strikes in the "essential services" such as railways, electric power, and other utilities. In like fashion a strike which would impede the shipping of wheat is seen as a "strike against the whole nation". The pattern is

becoming clear that "the public" puts a very high premium on "industrial peace" and incidentally its own convenience. The issue is no longer the abrogation of the sacred rights of the individual but ^{with} what the public is willing to tolerate. This is the way in which the political system comes to be involved in the emergency settlement of certain disputes -- the voting public will not tolerate inactivity on the part of its government when its convenience is affected.

When we come to the electrical products industry the situation is quite different. We are dealing with an industry which produces goods for two markets: the investment sector which uses the products of the industry as inputs in the production of other goods or services; and the consumer sector which is saturated with electrical products and buys them as luxuries or as replacement items. In this industry a firm could be struck indefinitely and the public would never feel the pinch or come to the conclusion that its interests might be involved. Similarly the outcome of ^{its} negotiations is of little interest to the public. It is in an industry such as this one where the public points happily to the free exercising of all the private rights. However, let the country become involved in a war which requires the output of this industry (as the Americans are in Vietnam) and the political forces act to outlaw or eliminate strikes in the industry, thereby erasing all the "private" rights. It becomes clear that a private industry becomes one of "national" interest when people with power are inconvenienced ^{or embarrassed} by strikes in it. It is unfortunate that public action is so sensitive to the barometers of public opinion because public opinion is not always reflective of the

public's best interest. In some cases the government is goaded into over-acting, while it is permitted to rest apathetically in others. It is our opinion that there is potentially as much cause for concern in negotiations in the purely private economy as there is in those industries of "national" interest.

In a concentrated industry such as the electrical products industry costs and prices for the product can in many cases be conveniently increased. The occasion of a wage increase is often an excuse for the company to increase its prices and shift the blame onto labour. As Professor Galbraith puts it:

This new form of collective bargaining, if such it can be called, is far more agreeable than the old. All the difficult and uncouth questions about which party should pay, and how much are avoided. It is the public that pays. Modern collective bargaining is much like quarreling over who will pay the check when both parties can put it on the same expense account. (9)

We note that in February of 1967 C.G.E. workers returned to work after a three week strike which gained them major improvements in their agreement. In April of 1967 the company announced that it was making selective price increases in its small appliances with the possibility of a general price increase next year. (The reason given was higher production costs.) In Galbraithian terms we find that an industry regulated by countervailing power is not stable but inflationary under conditions of high demand and full employment. The public might well see its interest is bound up with the search for new mechanisms by which such spirals might be prevented.

3) The Legal System as a Conditioning Input

It is not the scope of this paper to discuss the role that the legal system plays in collective bargaining. We can, however, approach the question as it relates to the electrical products industry in two ways: a) a discussion of how labor standards affect the industry; and b) a report on the opinions of the actors concerning the legal framework within which they are constrained.

a) The Influence of Labor Standards

For the most part the standards which are set out in the various provincial acts prescribe minimum benefits which must be granted to employees. An industry which has been growing like the electrical products industry and one which has been registering increases in productivity is not one which would feel any pressure from minimum wage laws, compulsory vacations, or public holiday provisions. On the other hand, the Ontario laws prescribe maximum hours of work; specifically, 100 hours of overtime per year for each employee. If a worker is required to work more overtime than this a permit must be obtained from the administrative board. There are certain firms in the industry, however, which have scheduled far more than 100 hours of overtime per employee per year and have been operating with special authorization for years. It seems reasonably accurate to say, therefore, that labour standards have not affected the industry.

b) The Legal Framework: Procedures

1) Certification

When an applicant union has met the statutory requirements and the board has determined the appropriate bargaining unit, the union must meet the test that it has a majority of the employees in the unit as members in good

standing. In the Ontario Act there is no mention of a claim to have majority membership; membership in good standing is evidence of the representative character of the union but not conclusive nor the sole evidence which may be accepted or required. If the board is satisfied that more than 55% of the employees in the bargaining unit are members of the union, it will usually certify the union without taking a vote. If a vote is taken the union must gain the votes of 50% of those eligible to vote.

This latter provision has come under criticism from the United Electrical Workers (U.E.) who gained a majority of those Westinghouse office employees voting but were denied certification because they were two votes short of a majority of all eligible to vote. They recommend that the provision be changed to require the union to get a majority of those who vote rather than all those eligible to vote. They argue that the present provision is biased against the union since a vote not cast is a vote against the union. Since it is a secret vote, the surest way any employer has of knowing how an employee is reacting towards a union is for that employee not to vote. "Lead hands" who are in the bargaining unit but aspiring to become Foremen may refuse to vote and influence those under their control to do likewise. The principal objection, however, is that such a voting procedure is contrary to all normal voting procedures in the country. They point out that any democratic country which ruled out plurality victories would soon end in anarchy or tyranny.

Similarly workers who are denied union representation under the present system find themselves faced with industrial tyranny.

ii) Check - off

There are virtually no companies which adamantly refuse to check-off union dues provided that the union has given them the necessary authorization

signed by the employee. There were a few grumbles about having to act as a collection agency for the union but these were found among companies who are still fighting against union security clauses. The voluntary revocable check-off, however, is not as common as the union shop. The "Rand formula" has been adopted as an intermediate step in some firms.

iii) Conciliation

There is considerable feeling on both sides that there is plenty of room for competent third parties. The major complaint from the union side is that the procedure too often leads to frustration and delays making the achievement of an honorable and just settlement between the parties more difficult. There is considerable support for making the conciliation-board ^{stage} optional and applicable only with the consent of both parties. This might help increase the effectiveness of the conciliation officer who is now treated often as the relatively unimportant first step towards the strike deadline. All companies and unions, however, could recount some case where a conciliation officer was of great service in bringing about a settlement.

iv) Compulsory Arbitration

There was absolutely no support for compulsory arbitration as a means of bringing about settlements as an alternative to the strike. We will let the brief of the Canadian Electrical Manufacturers Association (C.E.M.A.) to the Rand Commission speak for the companies:

...The right to strike must be preserved as a last resort in all collective bargaining (except that dealing with essential public services such as police, fire protection and hospitals). The alternative is, of necessity, compulsory arbitration - which saps the vitality of collective bargaining and would eventually destroy it. It is obvious why this is so. In any given collective bargaining situation, one of the parties would be of the opinion that it

could achieve more at the hands of the arbitrator than from the voluntary agreement of its opponent at the bargaining table. This would greatly inhibit the normal give-and-take of the process ... control over all of the monetary issues virtually would be handed over to the third party.

It is the Association's submission that free collective bargaining must be preserved and for this reason the right to strike (and the corollary right to lock out) must also be preserved. Resort to economic pressure is not inconsistent with the freedom which all citizens in our society demand; compulsory arbitration is. (10)

The United Steelworkers in their brief, point out that to concede compulsory arbitration/^{even} in "essential industries" opens a Pandora's Box of possibilities. Any industry can be considered "essential"; if it were not/^{"essential"} it probably would not be in business. The brief continues:

The only thing that a worker has to sell - be he skilled, semiskilled or unskilled - is his labor. If he is forced to accept third party intervention to determine what he will receive for that labour, he is no longer a free man. ...Once we start to deprive one segment of our society of their democratic rights, it is but a short step until some other group in our society loses its freedom.

If workers are going to have the price of their labour decided by third party intervention, then the price of the product that management produces should also be set by third party intervention. (11)

We conclude, therefore, that there is no support for the idea of compulsory arbitration which would be applicable to the situation of the electrical products industry.

The role of injunctions in collective bargaining in the case of strikes is best deferred until we discuss the strike as an economic weapon.

4) The Social System as a Conditioning Input

Although we, as economists, may be venturing into dangerous waters we cannot neglect what appear to have been great changes in the social structure and which have had important repercussions on the nature of unionization in the industry.

One of the most important changes has been the improvement in the position of the blue collar worker relative to his white collar counterpart. This is something the unions consistently emphasize in cartoons in their newspapers. One example shows a young boy asking his mother for money to go to the movies with his friends. She refuses, explaining that they cannot afford such luxuries since his father is a white collar worker and does not work in a unionized plant like the fathers of his friends. She adds encouragingly, however, that his father has "Prestige". The final scene depicts a bewildered child explaining to his friends that his father's "prestige" won't let him go.

The change in relative positions has had two effects:

- 1) it has led the plant worker to seek all the benefits formerly reserved for office workers; and
- 2) it has led to a new interest in unionization among white collar workers (as is evidenced by the recent creation of the largest industrial salaried local in Canada at the three Westinghouse plants in Hamilton).

The union told us triumphantly that white collar workers are organizing not to maintain their former advantage but to catch up to the plant workers.

The improvement of the economic and social position of the blue collar worker has created a new set of goals. The United Auto Workers point to the rash of strikes in the last couple of years and explain them as follows:

In our judgment these strikes have been waged as much for the worker's dignity as for his pocketbook. With the improved bargaining power occasioned by full employment, the accumulated resentments of the past decade have exploded on the picket lines.

The wage earner is expressing his indignation against automation, time study, and efficiency experts. In short, he is protesting against being manipulated by powers outside of his control. (12)

We are just now beginning the period of transition towards the time when all time clocks are eliminated; production workers have the same sickness benefits as office workers; and the production worker no longer feels management looks down upon him for working in the plant rather than the office.

The changing position of the plant worker can be seen again in the union papers. Whereas fifteen years ago he was encouraged by the advertisements to buy camping equipment for his vacation, now he is invited to take his family on a trip to the Bahamas. We are, perhaps, reaching a time when the old form of unionism still fighting the battles of the 1930's must give way to a new type designed to meet the changing goals and problems of an affluent membership.

With this background, let us now turn to a consideration of the individual actors in the system.

45

PART C THE ACTORS IN THE SYSTEM

A) THE UNIONS

The origin of a union, the way in which it has interacted historically with companies and other unions; and its avowed goals and values all determine the stance that this union will take when placed in a bargaining situation or handles the day-to-day affairs of its membership. It is our intention to discuss the characteristics of each of the unions involved in the industry as a basis of understanding the way in which they interact with each other and with the companies.

1) The United Electrical Workers (U.E.)

The United Electrical, Radio and Machine Workers originated in the 1935 merger of the Radio and Allied Trades Council with a group of A.F.L. federal locals and independent unions. The group petitioned for a charter from the A.F.L. arguing that a craft organization could not solve the problems of radio workers, but it was opposed by the I.B.E.W. and the Machinists whose jurisdictional control they were invading. As an alternative the I.B.E.W. offered them a Class B membership which would give them one vote per local as against one vote per member for the skilled electricians who made up the bulk of the membership. In 1936 a meeting of representatives of the radio workers in Washington decided to launch a national union without A.F.L. sanction and invite the independent Electrical and Radio Workers Union to join with them. James B. Carey, president of the Radio and Allied Trades Council, was elected president of the new union and Julius Emispak of the independent electrical local at Schenectady became secretary treasurer.

The first regular convention of the U.E. was held in September 1936 at the same time that the suspension of the C.I.O. unions from the A.F.L. went into effect. The U.E. became the first new, industrial non-A.F.L. union to be admitted to the C.I.O. The union experienced rapid growth despite a vigorous campaign by the I.B.E.W. to harass them on all occasions.

There is some question as to when the union actually became dominated by the Communists, but the first definite signs of Communist sympathy began appearing in the newspapers in 1939. The U.E.'s calls for peace lasted until Germany invaded Russia at which time the union began to call for a re-organization of the defence structure to defeat Hitler and his "forces that seek to conquer and enslave the working people of the world". Carey deplored this about-face saying: "political acrobats in pink tights posing as labor leaders are a disgrace to the union and insult the intelligence of the membership". ^(B) Carey's break with the Communist faction led to his defeat at the 1941 convention placing the quarter of a million members in the hands of the communists. From 1941 - 1948 Carey used his position as secretary-treasurer of the C.I.O. to attack the communists, until in 1949 the U.E. was expelled from the C.I.O. and replaced by the I.U.E. with Carey as its head.

Following its expulsion from the C.I.O. the U.E. in the United States began to desintegrate, and although it lost a few locals in Canada, it remains one of the most important unions in the industry. One of the reasons for this may be that the Canadian U.E. has dissociated itself almost completely from the American organization. The constitution of the Canadian U.E. states:

The membership in Canada operate within the framework of Canadian law and have distinct and separate national problems and aspirations. In full recognition of this fact, the membership of the Union in Canada is governed through the Canadian District Council and by a Canadian Constitution.

All decisions affecting the Canadian U.E. membership shall be made by the U.E. members in Canada.... (page 3)

The union feels, therefore, that it is the one union in Canada that has been able to develop unionism for Canadians and by Canadians.

The union is very careful to stress that it is a democratic organization run by the rank and file. Although its present leaders are still the same as they were at the founding of the Canadian district they are not there because they have ^{tyrannically} stamped out all opposition. (It has often been suggested that a union president who is paid a salary in line with top business executives would be reluctant to turn over his job to a successful challenger and return to his former job in the plant, and ^{that} / has been the source of dictatorial actions on the part of union leaders.) The U.E. has a provision in its constitution which is unlike that of any other union: "The National Officers shall be paid salaries in line with the highest wage paid in the industry". Other unions have attacked this provision as ^{are "worth as much as any business executive,"} exploiting the leaders who / but the U.E. sees it as indicative of democracy in action. It certainly exploits the "missionary zeal of the leaders" (and incidentally keeps them from becoming assimilated to upper class values and attitudes) The union representatives were asked what they thought about the form of democracy practiced by the International Typographical Union with its paid leader of the opposition. All expressed incredulity that a union would pay someone to cause trouble and

weaken the strength of the leadership. The overall appearance is that the union is sensitive to the desires of its membership, but the leadership is capable of creating many of those desires and is very much in control of its locals.

In its public statements the U.E. places itself diametrically opposite to the companies and all they stand for. The union opposes American ownership of Canadian industry and American influence over Canada almost to the point of xenophobia. (One editorial even called for the ^{immediate} return of the Alaska Panhandle which was stolen from Canada half a century ago). They oppose the society which divides individuals into classes of workers and owners and their analysis of the course of economic development sounds suspiciously like the doctrine of the increasing organic composition of capital. However great the Marxist overtones of their ideology, the U.E. does not let this interfere with their bargaining which is straight business unionism. Every company which has dealt with them was quick to point out that one must separate what the union says from what the union does. It comes back, perhaps, to the idea that as long as the leaders ^{for} gain the membership what it wants, the membership will permit the leaders the frivolity of saying whatever they wish on irrelevant ^{political} matters. Every company which has dealt with U.E. describes them as a well-researched, well-disciplined union.

The U.E. is outside the C.L.C. and as such is constantly faced with raids or the threat of raids by C.L.C. affiliates. The C.L.C. will allow that the U.E. does a "not too bad" job for its members, but it ["]must be punished ["] for existing outside of the C.L.C. Such raids against independent unions are one

way which the C.L.C. has of making the independent or expelled union feel the pinch of non-membership. When the C.L.C. was formed the U.E. Canadian News carried a reply to Jodoin's call for the members of U.E. and Mine Mill to overthrow their leaders:

All in all we greet the new C.L.C. as a big step forward in consolidating labor's strength. We will continue as in the past to contribute to unity in action on every possible front. We will eventually find our rightful place within the new house of labour without sacrifice of the basic democracy and autonomy of our own U.E. if we recognize and support actively the many positive features of the C.L.C. (May 4, 1956)

Now, more than 11 years later, there has been little evidence of the rapprochement that was predicted.

The U.E. has just recently started to move into the organization of office workers with the certification of the office workers at Westinghouse's three Hamilton plants. Although they lost the first vote they were successful on the second attempt. They began their organizing drive by contacting several office workers who were known to be sympathetic to the union. Using these workers as agents they began a campaign centering on job security; low wages; unknown job classifications; and unknown criteria for promotion. When they felt they had sufficient support they held an open meeting (away from the union hall because "office workers are different"). The open meeting allowed the white collar workers the chance to see that there was nothing underhanded about union organizing. After a long time defining the appropriate bargaining unit, the Board held an election and upon certification of office workers U.E. local 555 became the largest industrial local in Canada.

The apparent power of the U.E. is surprising when one considers that it is constantly under threat of raiding from C.L.C. affiliates, it

cannot count on support from C.L.C. unions when it goes on strike; and it has no strike fund of its own. It is possible, however, to explain the U.E.'s strength by its concentration.

The U.E.'s power is concentrated in a narrowly-defined geographical area roughly coterminous with the Niagara Peninsula and including Toronto, Hamilton, and Peterborough. There is no local which cannot be reached quickly from the head office. Moreover, the largest part of their membership is in the main plants of Westinghouse and General Electric--the acknowledged leaders in wages and other benefits. Historically, unions in the electrical products industry who have tried to raid the U.E. have had difficulty in finding cases where the union has not done a creditable job for its members.

Because the U.E. is concentrated in the large companies its battles are simply between the company and this one union--a major union defeat would be interpreted elsewhere as a defeat of all unions and a union victory is likely to be extended to the other unions which deal with the same company. Perhaps for this reason the U.E. has supported and received support from C.L.C. unions even though it is expelled. When U.E. struck Westinghouse's three Hamilton plants in early 1967 the Hamilton Spectator reported as follows:

- ...Local 504's strike now in its sixth week is its first since troubled 1946.
- ...Throughout the years, however, Westinghouse workers have always shelled out generously in plant gate collections for other unions' strike funds. These contributions have been made regardless of differences U.E. has had with other unions in the labour movement.
- ..."We have always considered the workers first, not the union that represented them" Mr. Lepitre said, "I think these returns speak well for the image we have built up."

Thus, in spite of official non-recognition by the C.L.C. the U.E. must be and is recognized as a major force in the industry.

2) The International Union of Electrical Radio
and Machine Workers (I.U.E.)

Whereas the Canadian U.E. was able to preserve itself by dissociating itself from the American organization, the fortunes of the I.U.E. in Canada have fluctuated with developments in the I.U.E. in the United States. designed to replace the expelled U.E., The I.U.E. burst into prominence with the following headline on its first newspaper:

"Convention Puts Skids Under Commies" - a decent non-communist aggressive trade union - a real trade union has been established in the electrical field...

The phenomenal switch to the I.U.E. which took place in the United States did not hold true for Canada. The U.E. did not lose as much power in Canada as it did in the U.S. and those locals which it did lose did not go automatically to the I.U.E. The I.U.E. in Canada grew by organizing the unorganized and the workers of new plants rather than by replacing the U.E. (We must remember that unionization of the industry was just beginning in Canada). However, the anti-communist, anti- U.E. overtones of the American I.U.E. were to have a remarkable effect on the Canadian organization.

The anti-communist crusade of the I.U.E. under James B. Carey became almost an obsession. The I.U.E. - C.I.O. News stated:

This publication is the avowedly anti-communist publication of an avowedly anti communist union ... Our targets are the communists of U.E. in particular ... We feel we have accomplished phenomenal gains in this crusade.
(Oct. 22, 1951)

The union, however, would have been well advised to heed the words of Secretary of Labor Tobin in 1951 when he addressed the I.U.E. convention:

Resistance to Communism is a noble purpose on which to found a trade union; but it isn't the only purpose. In itself it cannot and does not justify the existence of a labor organization. The test of a union is what it can do for its members. (I.U.E.-C.I.O. News Sept. 24, 1951.)

The anti-communist issue also led to discord between the I.U.E. and other non-U.E. unions in the electrical field.

The decline of the U.E. in the United States did not mean an automatic swing to the I.U.E. It merely meant that U.E. locals were in "open season" and the I.U.E. found itself competing with the I.B.E.W. and the I.A.M. These unions were as vicious towards each other as they were towards the U.E. The I.U.E. News (Dec. 17, 1951) attacked the I.B.E.W.... "I.B.E.W.-A.F.L. symbolizes Dictatorship, Corruption, Racketeering, Scabbery, Race Hate." The I.A.M. took the I.U.E. to court for charging that it had communists on its payroll. When the I.B.E.W. beat I.U.E. at the Westinghouse local in Indianapolis the I.U.E. contested the victory charging that I.B.E.W. had "vilified I.U.E. in a manner exceeding the broad boundaries of permissible propaganda" in charging that there were still communists in the I.U.E. Such splits within the union movement could not help but weaken the cause of all unions. The sight of such fighting among the "respectable" unions over the communist issue did not impress the Canadian workers who tended to see the issue as an exaggerated one.

The I.U.E. was also beset with internal troubles. As early as 1952 Carey was faced with revolt from some of his key lieutenants. M. Fitzpatrick, chairman of the Westinghouse Conference Board--a council of all the locals bargaining with Westinghouse--publicly criticized Carey as follows:

Carey's knowledge of Westinghouse is nil...yet he continued this practice of meeting with management on his own. There is no doubt but that it jeopardized the welfare of workers at Westinghouse. (U.E. Canadian News March 31, 1952)

The charge was that Carey had taken control of the dealings with the company completely out of the hands of Westinghouse workers; such matters formerly being the "sacred responsibility of the membership".

When Carey called the abortive 1960 strike against General Electric he was faced with the refusal to participate of several key locals. Schenectady local 301, the largest in the I.U.E., had voted by secret ballot not to strike. Yielding to pressure from Carey, local president Leo Jandreau authorized a walkout but approved a return to work in less than ten days. Carey seemingly took reprisals against local 301 in the final settlement by rejecting G.E.'s offer of a retraining program (wanted by the Schenectady workers) and by refusing the company's offer to make wage increases effective the previous week (so that Schenectady unionists lost the increase for the period of their early return to work.) Leo Jandreau later helped lead the Jennings supporters to victory over Carey in 1964.

The internal problems compounded until 1962 when the secretary treasurer and virtually co-founder of the I.U.E., George Hartnett, listed detailed charges of misappropriation of funds, failure to fire corrupt organizers, and various other abuses within the union. Carey, however, was sufficiently in control of the power groups to have Hartnett drummed out of the union. The I.U.E. Board Members denounced him as a "saboteur and leader of a conspiracy" and engineered his recall. His silence seemed to bear a premium since he was offered the chance to keep his salary (but not his expense account) as long as he refrained from making attacks on the leadership of the I.U.E.

Following Hartnett came a challenge to Carey's leadership by a relatively unknown figure, Paul Jennings, who had held office in the Sperry Rand local on Long Island N.Y. His support came mainly from the east coast. In his campaign statement in the union newspaper (Oct. 22, 1964) he said:

Our union has stumbled from crisis to crisis. We have been unable to deal with the companies because we are too busy fighting among ourselves. All the energies of the national office have been directed towards winning the dues proposal instead of winning benefits for the members. Too many of our staff are engaged not in organizing and servicing the members but in pursuing Carey's vendettas and personal feuds.

Jennings further charged that Carey was unable to work with other labor unions for their mutual benefit.

The election, administered by Carey men, reported a Carey victory of 67,897 votes to Jennings' 65,704; with 257 void and 5,941 votes "undelivered". The results were hotly contested by Jennings supporters and a recount supervised by the Department of Labor found:

The ballots were miscounted by the Trustees...instead of winning the election by 2,193 votes, as reported by the Trustees, Carey lost the election by 23,316 votes.

All these political manoeuvres within the I.U.E. in the United States had its effect on the Canadian membership. The Hartnett-Carey struggle saw the Canadian district president, George Hutchens, supporting Hartnett. When Carey prevailed he cut off the subsidy to the Canadian district (which paid Hutchens' salary) and placed the eleven Canadian staff members under his personal control. The Canadian membership objected to this rather dictatorial action and it is reported that Carey was angrily heckled when he came to Canada to speak. When Carey was challenged by Jennings, Hutchens supported Carey this time only to find he had again picked the loser.

Jennings, however, was not the type of man to take reprisals and has / the Canadian district move towards greater autonomy.

The most beneficial development in the I.U.E. in recent years is the movement towards autonomy. The Canadian district is no longer dependent upon a subsidy from Washington and now pays its own way. The financial autonomy is a prerequisite for political autonomy and it appears as if the Canadian membership is prepared for more of each.

The I.U.E. is much more dispersed geographically than is the U.E. and this may help to explain why the control exercised by the head office is not as great here as it is in the U.E. A large local such as the one at Automatic Electric in Brockville is likely to become a "rebel" and the head office is unable to do much about it. At Automatic Electric, the local told us that the I.U.E. has never really lived up to its promise - perhaps because it was an artificially created union, but mostly because it has had too many internal squabbles. " This self-described "rebel local" refused to permit the international representative to participate in their bargaining; hired their own lawyer to advise them on legal matters; and adopted a "by invitation only" policy towards participation of the head office in their affairs. Undoubtedly any large and affluent local is in a good position to gain such autonomy, but we would not expect the movement to arise in most of the other unions in the electrical manufacturing field.

In sharp contrast to the experience in Brockville is that of the I.U.E. local at R.C.A. Victor in Prescott only 15 miles away - a local which never settles an agreement until the president comes down from Toronto and

settles it for them in the dying hours before the strike deadline. The local is not large enough to run its affairs independently and lets itself be guided in negotiations by the international representative who was rejected by the workers at Automatic Electric. The affairs of the workers, in this case, seem to have been removed from the hands of the local.

The I.U.E. is reported to be less disciplined, less well researched, and less sophisticated in their bargaining than the U.E. by those companies which have had experience in dealing with both of them. The companies say they find it harder to reach agreement with a union which is not sure of what it wants and which cannot support ^{with research} those demands it does make than ^{it is to reach an agreement} with a union which knows what it wants and supports its demands with figures (however biased they may be). The problem with the former type of union is that it is obstinate but vacillates in what it is obstinate about. The latter type of union is in a better position to drive a hard bargain. It would be an unfair exaggeration to characterize the I.U.E. as being a union of the ^{type, but so} undisciplined, ^{undisciplined} elements have been pointed out by the companies ^{which deal with them}.

Undoubtedly, the major problem of the I.U.E. has been its internal disruptions. Now that these are probably finished, it may be possible for the union to do the job it was created for: to provide a strong and attractive alternative to the U.E. The union would probably be making a mistake, however, if it once again made ^{goal that} of replacing the U.E. The most pressing concern of the union is to strengthen its relations with its locals, provide the research they need in their bargaining, and to strengthen their ties with other unions in the industry. The attempt to coordinate bargaining with the other non- U.E. unions at General Electric is a significant new development

in the industry. Eventually, the long awaited rapprochement between C.L.C. and U.E. may take place and we might see a movement towards merger on the part of the I.U.E. and U.E. (At the present time, however, such a move would be inconceivable).

3) The Northern Electric Employees Association (N.E.E.A.)

The Northern Electric Employees Association was certified in 1946 during the postwar rush towards unionism. It had, however, its origins further back in history. In 1938 the company recognized that there existed among the workers a feeling that they needed some form of representation. Since this was a period of union weakness the workers were satisfied with the company's proposal that the workers elect a group which would meet every three months with the company officials to confer (not bargain) on issues of importance to the workers. The success of such an arrangement is predicated on the willingness of the company to correct those problems which the workers point out.

Northern Electric is a company which has always ^{enjoyed} / a good reputation for fairness to its workers. Throughout the depression it carried out many acts of philanthropy towards its workers who were laid off. Even the workers on the picket lines during the recent strike mentioned the company's good reputation in the past. The community feeling seemed to be 'you work for Northern Electric - you're set for life'. The company always felt that as long as they were fair to their workers and paid higher wages than comparable companies then the workers really wouldn't need a union. This approach, which was more reflective of paternalism than an attempt to prevent unionism, gave the workers a non contributory pension and sickness plan as early as 1920.

In 1945 the Association was in danger of being "raided" by the international unions. Since it had no legal status, it applied for certification as a defence against raids and received it in 1946. The naiveté of the union in its early years did not last very long as the infiltration of new workers took place. The new workers were young, and in many cases brought with them their experience from unionized plants where they had previously worked. These developments marked the beginning of a transition from company association to "true unionism."

Throughout the years the Association has bargained hard with the company and Northern Electric has been careful not to let the various N.E.E.A.,

the U.E., nor the C.W.A. locals get out of line with each other. The Association has always been more "team conscious" than the international unions - a quality which had made them preferred by the company. For example, the company would never have expected the Association to go on strike this year - perhaps the best indication that the Association had passed from the stage of "company union" to being a "legitimate" union (in the terminology of the labor movement).

The strike at the main plants may well have marked the end of the Northern Electric Employees Association as well as its maturity. The Association has always been faced with raids by international unions and until this strike it had been able to resist the pressure successfully. However, this strike saw an example of the right and the wrong ways to go about taking over a company union, i.e. the move by the U.A.W. to affiliate with the office workers ~~versus~~ ^{and} the attempt by the Steelworkers to take over the hourly-rated employees. It is instructive to compare the methods and results

of the U.A.W. and the Steelworkers and to speculate about how these events may bring ^{about} / the demise of the Association.

The law provides that a union may only be raided between the sixtieth and thirtieth days preceding the expiration of the collective agreement. Between 1946 and 1965 the production workers and the installers had always bargained at the same table and been covered under the same agreement, but in 1965 when the company wanted to go off incentive rates it became apparent that the installers and the shop workers had different interests. Consequently, the company allowed them to vote separately on the new agreement. The installers voted to accept a three-year agreement while the shop turned it down and took a two-year agreement. The abandonment of incentive rates and the resulting problems with the "red circle" rates and "merit raises" led to dissatisfaction with the Association among several workers. This prompted a raid by the Steelworkers who signed up about 2,000 of the 7,600 in the bargaining unit and applied for a certification vote. They were refused a vote, however, on the grounds that the installers who were still in the bargaining unit still had a year to go on their agreement and consequently the Association could not be raided at this time. The Steelworkers charged that the company and Association had deliberately manipulated the contracts so that part of the unit would always be under agreement, thereby making it impossible for the Association ever to be raided.

Meanwhile, the Association had reached an impasse with the company in their negotiations and had decided to go on strike, fully expecting that their problems with the Steelworkers were over. In the middle of the strike, however, the Steelworkers decided to go to court to get a ruling on the legality of the double agreement. The company immediately broke off negotiations with the Association until the matter in the courts had been settled, leaving the workers out

on strike (without a strike fund) and without the opportunity of making meaningful negotiations in the meantime. The Steelworkers' action was interpreted by the workers at Northern Electric as being equivalent to breaking their strike. Although they still have not given up the fight it is obvious that the Steelworkers have lost any chance they might have had to gain certification at Northern Electric.

Meanwhile, the U.A.W. was interested in the Northern Electric office workers who were also out on strike. Walter Reuther came to Canada and told the office employees that he would welcome the Association if it wanted to affiliate with the U.A.W. and gain the benefit of belonging to a union with a large strike fund; however, that even if they did not affiliate, the auto workers would support their strike with a sizeable donation.

Both the office workers and the hourly-rated workers were impressed by the way the U.A.W. handled the matter, and there have been rumours of a possible "merger" between the Northern Electric (Office) Employees Association and the U.A.W. If the Auto Workers are successful they will undoubtedly move from the office into the plant. When we compare the size of the U.A.W.'s donation to the costs of carrying out an organizing campaign and a successful raid on such a large local we will find that the U.A.W. will have bought a rich local very cheaply if they do succeed.

This concluded our discussion of the major unions in the electrical manufacturing industry. We will now consider in a much briefer fashion those unions which operate in the electrical field through overlapping jurisdiction; by association with companies producing in several industries; or by recent ambition.

4) The International Brotherhood of Electrical Workers (I.B.E.W.)

The I.B.E.W. is the oldest and largest electrical union in the world beginning as a "national" union in the United States in 1891 and becoming "international" with the admission of the first Canadian local in Ottawa in 1899. Its primary interest has been a craft form of unionism in the building trades and construction. Its involvement with an industrial form of unionism is restricted to the organization of ^{certain} utility workers and isolated manufacturing locals throughout the country.

The I.B.E.W. was one of the strongest opponents of the formation of the U.E. back in 1936. However, their proposal of second class status in the Brotherhood for the radio workers was rejected with considerable resentment on the part of the latter group. When the U.E. began to enter the public utility field in the United States it gave rise to some vicious campaigns for which the intervention of the N.L.R.B. was necessary to bring about an end.

In Canada the strength of the I.B.E.W. in manufacturing comes in areas where the industrial electrical unions cannot find a large enough membership to warrant setting up an area office. The I.B.E.W. is already in ^{the area} by virtue of the utilities or building trades and can service the membership out of its existing facilities. We find them, therefore, in Westinghouse in Three Rivers, one plant of Pioneer Electric on the Prairies; and Lenkurt Electric in British Columbia.

One of the most significant factors about the I.B.E.W. is the autonomy granted to its locals. The head office will not try to dictate to the various locals what it must do ... it is doubtful that the national office

could exercise any significant control since the locals are so widely dispersed geographically, they are not dependent on the head office for strike support, and craft unions have always tended to grant more autonomy to their locals.

The appearance seems to be that the I.B.E.W. is a vigorous union when fighting along craft lines; but it is a rather weak union in the industrial field. In Westinghouse its agreement is predetermined by what the company has given to the U.E. at its main plants. It is interesting to note that the I.B.E.W. joined with the other non-U.E. unions to attempt coordinated bargaining with General Electric - a recognition that by itself it cannot bring pressure on the company. On the Prairies the I.B.E.W. local at Pioneer Electric (Red Deer) "goes along for the ride" and follows the settlements made by the Steelworkers in the Winnipeg, Brandon, and Regina plants. (It will soon be raided by the Steelworkers.)

On the West Coast, the local at Lenkurt Electric is a rebel. The workers look down the coast to the United States for their inspiration rather than across the mountains to the rest of Canada. The recent strike involving a few incidents of violence forced the Canadian head office to interfere by breaking Local 213 into three smaller locals to prevent its size from letting it get out of control.

We conclude that the I.B.E.W. is not an effective union in the industrial field / regardless of how competent it may be in the building trades or utilities. It is not likely to be displaced, however, by one of the established industrial unions in the electrical field because they do not have the facilities to service a widely-dispersed membership. Until another country-wide union (such as the Steelworkers) takes an interest in these locals the I.B.E.W. will probably continue to represent these workers.

5)

The International Association of Machinists (I.A.M.)

The I.A.M. is described by Galenson as an organization which had trouble making up its mind on structure and jurisdiction - it was torn between its loyalty to craft unionism and its desire to organize manufacturing establishments on an industrial basis. The choice was eventually made for it by the passage of time and the changing economy. In 1943 the union was Canada's third largest with 44,643 members of which nearly 15,000 were railroad machinists. Within 15 years, however, the changeover to diesel locomotives had reduced this number to less than 5,000. At the same time, however, the expansion in aircraft manufacturing and servicing increased membership in these sectors by more than 15,000.

In the early days of industrial unionism in the United States, many I.A.M. locals (notably the communist ones) went over to the U.E. There were many jurisdictional battles in which the I.A.M. had difficulty with both their "friends" in the A.F.L. and "enemies" in the C.I.O. The union was eventually forced into full industrial unionism in the aircraft industry where it had to compete with the U.A.W.

The Machinists have represented the workers at Sangamo's Leaside plant since 1943 when they beat the U.E. in an organizing campaign. They attribute part of their success to the fact that the Machinists had already organized the tool room on a craft basis. The history of relations at the plant has been very peaceful. It is rather surprising to find that the company has never experienced a strike nor have they had a grievance which has gone to arbitration. It is even more surprising to find such apparent satisfaction as expressed on both sides in a company where wages are lower

than in surrounding industry.

We may try to speculate about the possible reasons for such tranquility. One thought is that the older workers control the union. (Over 50% of the plant has 15 years of service or more.) The "young militants" come into the plant but leave quickly because of the low wages they receive. Meanwhile, the long service employees are well taken care of. Bumping is plant wide and a worker who is forced to bump down to a lower grade will continue to earn his old rate for 6 - 12 months depending on his length of service. The skilled trades have never been bothered by lay offs. By taking care of the needs and desires of the older workers the company has been able to keep peace.

Perhaps more than anything else, however, the character of the industrial relations manager determines the type of relations that a plant will have. Sangamo is just one example we found where good relations existed in spite of low wages because the union felt it could trust the company to be fair with them. Such trust can only be built on a history of good relations between the parties. It is significant that such a relationship has been possible.

6) The United Steelworkers (U.S.W.)

The United Steelworkers of America is an international union with membership in Canada and the United States. The Canadian organization has de facto autonomy from the American union and concerns itself with Canadian problems. As the largest union in Canada (with 135,000 members) it has the resources to carry out extensive research and expensive organizing campaigns.

(2)

The Steelworkers became involved in the electrical products industry in three ways:

- 1) In the early years stove and appliance manufacturing involved foundry work which came within the jurisdiction and interest of the union. It has continued to represent the workers at plants such as Moffats in Toronto.
- 2) In the West and in Quebec the "electrical" unions are not well-established; in the West there has not been enough electrical manufacturing for the small electrical unions to set up area offices whereas the Steelworkers can service such members out of existing facilities. In Quebec the U.E. was prevented from organizing by the infamous Padlock Act and the Steelworkers filled the vacuum.
- 3) Being "Number One" in Canada gives the Steelworkers an organizing advantage. They are prepared to move into any situation where they see company unions, inadequate unions, or non-C.L.C. affiliates.

It appears that the companies which the Steelworkers have unionized in this way tend to be low wage firms. Usually the firms are located in areas where the company can attract a good supply of labour even with low wages. Let us consider briefly a few examples.

In their Pioneer Electric plant in Winnipeg (which sets the key bargain for the other Pioneer plants in the West) the union is bothered by a high turnover of labour compounded by the absence of a union security clause in their collective agreement. Consequently, the union has had trouble keeping its membership as high as 60% of the plant work force. According to union figures, in three years there have been 783 people pass through the bargaining unit in a plant whose work force has never exceeded 250 people at any one time. Such a high turnover usually reflects low wages or poor working conditions.

The company is one which began "on a shoestring" in 1946 and passed through some difficult times before it became well-established. The founders of the company still control it. In order to help the company get established the union accepted a 5% reduction in wages

in 1954. The wisdom of their concession may be seen in the growth of the company since that time, however, the fact remains that the firm is a low-wage operation relative to other firms in the transformer business and relative to other metal-working firms in the Winnipeg area. The point we wish to make at this time is that even the largest and most powerful union in the country cannot force a small company to pay high wages when the company cannot afford them, the labour markets are sufficiently slack, and the union is forced to dissipate its energies in organizing.

The interesting development to expect within the next two years is the Steelworker attempt to take over the Pioneer plant in Red Deer, Alberta which now organized by the I.B.E.W. If successful, they will have all five of the Pioneer plants in the West. From this vantage point they may be able to replace the U.E. in the Toronto plant and force a master agreement on the company. Such a move would break the company's ability to base wages on low community averages in the West.

(January 1968.)

The Steelworkers in Quebec are currently/engaged in prolonged strikes against two small firms in the electrical manufacturing industry: Georges Christie Quebec Wires and Electric Storage Battery. The former company has been struck for more than two months and the indication is that it has refused to recognize the union and is engaged in an attempt to break the union. La Presse reports the feelings of the Department of Labour: (Jan 8, 1968.)

..Ministre du Travail M. Maurice Bellmare avait vertement critiqué l'attitude de la firme. Le ministre l'a qualifiée d'anti-syndicale. Il a affirmé "qu'il ne permettra pas à ces gens de semer un climat néfaste dans les bonnes relations industrielles au Québec.

As far as the workers are concerned it is fortunate for them that they belong to a union with the resources of the Steelworkers. If we recall the Amalco incident, the company was able to break the union because it could not finance a prolonged strike. In this case the Steelworkers are able and willing to carry on the strike indefinitely. Their Quebec leader is reported in La Presse (Jan 16) as follows:

"Nous sommes heureux", a dit M Gérin-Lajoie, "que les Relations du Travail aient signifié de façon décisive le caractère illégal de toutes ces sortes d'épisodes. Le refus brutal de négocier de la part de l'employeur fait traîner la grève en longueur."

Once again, however, we are forced to recognize that conditions may be such that their chances of gaining what they want even after a prolonged strike may be lessened by unfavourable economic circumstances relating both to labour markets and product markets.

7) The United Automobile, Aerospace, Agricultural Implement Workers of America (U.A.W.)

The United Auto Workers is an extremely vigorous union which seemingly knows no jurisdictional boundaries. It has become involved in the electrical manufacturing industry in two ways: it has unionized those divisions of the automobile companies which produce appliances as well as automobile parts; and second, it has moved into plants where it believed workers to have been inadequately represented.

In the first category we would find Frigidaire Products of Canada Ltd, a division of General Motors and one of the largest firms in the electrical products industry as a whole. We also find Franklin Manufacturing, Kelvinator, and Philco which are subsidiaries of the other automobile companies. The fact of affiliation with the automobile companies may or it may not influence collective bargaining in these companies. At Frigidaire the Auto-Workers bargain for

wages and other benefits in a master agreement which includes McKinnon Industries Ltd., a division of G.M. which manufactures parts, and the automobile manufacturing company itself. Since the provisions of the agreement are decided at level of a master agreement they are more characteristic of the automobile industry than of the electrical manufacturing industry. The workers are protected by supplemental unemployment benefits and wages are slightly higher than would be found in corresponding firms which make only appliances. At Philco, on the other hand, the Machinists are not in a position to exploit fully the fact that the company is a subsidiary of a rich automobile manufacturing company. There are no cost-of-living escalators or other such protections which appear in the automobile industry before they appear in electrical manufacturing.

involvement

In the second category/ we would place the U.A.W.'s successful raid of the U.E. at Globelite Batteries in Toronto where a bitter and unfruitful strike by the U.E. had left many of the workers dissatisfied. The Auto-Workers also were able to displace the Employees' Association at Honeywell Controls Ltd. after a number of attempts by electrical unions had been unsuccessful. We would characterize the expected raid of the Northern Electric Employees' Association as being part of a conscious policy of the union to replace weak or company unions. Their success may attributed to their precedent setting gains in 1965 and their appeal to workers may be much enhanced by large gains which will be made in the current negotiations.

B) UNION INTERACTION AND UNION RIVALRY

1) Interunion Competition and Growth

We have just completed a discussion of the individual characteristics of the many unions operating in the field of electrical manufacturing. In this section we shall try to outline how they have

interacted. As we interpret the situation, the U.E. is currently an effective union and fairly well-entrenched in the main plants of the main companies. At the present time it is not likely to be displaced but neither is its growth potential very great. The I.U.E. as the C.I.O.'s alternative to the "communist" union has not been strong enough to carry out an effective raiding campaign although it has succeeded in preventing the U.E. from growing. The I.U.E. has been relatively most successful in Quebec where the U.E. was prevented from organizing in the early years. Once the I.U.E. has straightened out all its internal problems it will be able to weld its scattered organization into a strong union. However, it cannot hope to grow any faster than the industry is growing and even then it will probably capture only its proportionate share of new firms or branch plants.

The two industrial unions in the electrical field have effectively been preventing each other from growing into a powerful monolith which could control the industry. As a result,

other unions such as the Machinists, the I.B.E.W., and various independent unions have been able to establish themselves and prove just as effective as the unions in whose jurisdiction they are operating. If the C.L.C. still has designs of eliminating the U.E. its best step would be to consolidate all the non-U.E. unions involved in the field of electrical manufacturing and create a large organization which could conceivably bring great pressure on the companies and win workers away from U.E. Perhaps we are witnessing the first steps towards such a consolidation in the attempt to coordinate their bargaining with General Electric this last year.

2) Coordinated Bargaining

For the first time this year we saw an attempt by all the non-U.E. unions of General Electric join together with the aid of the C.I.C. to coordinate their bargaining. The research department of the C.I.C. prepared a comparative analysis of the collective agreements of all unions dealing with the company; a summary of the growth and profitability of the company; and a resumé of where the agreements should be improved.

The attempt may have been prompted by a recognition of the weakness of each of these unions when dealing with the company individually. It parallels an earlier attempt in the United States where seven unions joined to bargain with General Electric. The company refused to meet with the coordinated unions predicting that such a move could bring on a major strike in the industry. The N.L.R.B. ruled however, that G.E. had to meet with the coordinated team. Although the I.U.E. reached agreement with the company (with the aid of a presidential panel) and averted a nation-wide strike, the other unions went out on strike and the I.U.E. members refused to cross their picket lines. A presidential board of inquiry headed by John Dunlop was appointed to look into the strikes, beginning with those slowing production of jet engines for the Vietnam war. (The strikers were later ordered back to work under the Taft-Hartly Act at the jet engine plants only.)

In Canada the company refused to meet with the coordinated team and, since there was no governmental intervention which required the company to meet with them, the attempt failed. What was hailed by Claude Jodoin as "a very important step in the whole collective bargaining process" did not turn out to be a great success. On the other hand, it was not a total failure. The unions

which participated all felt that the preparation for coordinated bargaining strengthened them for the time when they had to meet the company on an individual basis. The likelihood is that the unions will continue to press the company to meet with a coordinated team and, even if the company refuses, the unions will have the benefits of coordinated preparation and a greater sense of unity.

3) The Threat to the Electrical Unions

Failing a successful attempt of the electrical unions (the U.E. and the I.U.E. in particular) to forget their differences and coordinate their activities or for the non-U.E. unions to consolidate into one large union, we may see them both suffer serious losses to the large international unions such as the U.A.W. and the Steelworkers. These large organizations are exploiting to great advantage the idea that there are too many unions in Canada; i.e. too many unions that are too weak. Prognostication is always a dangerous thing, but much of the enjoyment is taken out of analysis if we are not permitted to speculate now and then. So let us speculate for a moment about how the Autoworkers and the Steelworkers could conceivably eliminate the electrical unions.

The U.E. as we have mentioned is strong because it has its power concentrated both geographically and in the large companies. To try to expand beyond these limits would require more money than the U.E. can afford to spend in organizing, and would create frontiers which are not easily defended. The I.U.E. is in a reasonably protected position at the present time because the C.I.C. has been promoting it as an alternative to the U.E.

The U.A.W., meanwhile, is beginning to establish itself as a union in the electrical field with its power at Frigidaire and its acquisition of Honeywell Controls. The crucial factor will be whether or not it

will be able to acquire the Northern Electric employees. If it does, it will immediately become one of the three largest unions in the electrical field and will be able to claim not only size and power, but also experience in the industry. The U.S.W. will be able to consolidate its power in the West if and when it forces a master agreement on Pioneer Electric.

We will then have the concentrated strength of two great unions, both claiming power and experience, directed at eliminating the non-C.L.C. union, the U.E. The very concentration in the main plants of the large companies which protected the U.E. from the I.U.E. and "casual" raids of non-electrical unions will make success easier for a rich union which is making a concerted attempt to displace it. Once the U.E. loses its key locals the rest will follow almost automatically.

It is unlikely that the I.U.E. will fare any better than the U.E. even though it will not be a direct target of the raids. The I.U.E. workers will see a union that has the power potentially to do more for them than could the I.U.E. The alternative will no longer be the "outlawed" or "communist-dominated" union but instead a respectable and powerful member of the C.L.C. Moreover, the U.A.W. and the U.S.W. have both shown that it is possible to combine Canadian autonomy with the advantages of an international organization. The Carey career is sufficiently recent to be remembered by I.U.E. members in Canada and the desire for autonomy all the greater.

PART D MECHANISMS FOR CONVERTING INPUTS INTO OUTPUTS

1) Introduction

In this section we will be concerned with the ways in which selected pairings of companies and unions resolve the distributive conflicts which arise during collective bargaining negotiations as well as their systems for handling day-to-day problems which are covered under the grievance procedure. We are interested not only in how the system functions, but also in the results the system produces, for the results alone give proof to the wisdom of the system.

The company - union pairings which are discussed here are not the only ones which were contacted during the course of the field interviews, however, they have been highlighted here because of their importance in the industry, the novelty of their systems, or their ability to represent segments of the industry. We shall then try to give an overview of how collective bargaining works in the industry as a whole, including the use of strikes and lockouts as an economic weapon.

2) Unilateral Determination of the Outputs

a) Paternalism: I.B.M. (Absence of a union)

I.B.M. Canada Limited is a wholly owned subsidiary of I.B.M. World Trade Corporation. Production is rationalized within the company to the extent that the Canadian branch produces some standard data processing equipment for the American market while any specialized equipment will be produced in the U.S. for the Canadian market. The company has a virtual monopoly in the industry with about 85% of the market, although it is now encouraging competition in

hopes of evading the fate of Bell Telephone and other highly successful private enterprises which came under government regulation when their profits became excessive and their services became crucial.

The company does not really compete with other firms in the labor market since it will not hire as employees persons completing less than a Grade 12 education. In fact, the company tries ^{primarily} to hire graduates of the Ryerson Institute of Technology. ^{for work in its plant} The higher educational level of the workers and the type of individually-paced work which they are doing may be contributing factors to the lack of success ^{of the} unions have had in organizing the plant. The most significant factor, however, has been the general satisfaction with the way the company has treated the workers.

The company mythology speaks glowingly of the enlightenment of the company's founder whose philosophy was to treat all employees alike. It has been the conscious policy of the company to eliminate as many of the differences as possible existing between white collar and blue collar workers. The plant employee is on salary, receives the same sickness and leave-of-absence provisions as the office employee; and, in general, is treated as the equal of any white collar employee. The company has sent plant workers rather than design engineers over to India to explain the servicing of their computers (which in the company's opinion shows the workers that everyone is eligible for exciting assignments). In addition to the equal substantive benefits the worker receives he is also given his share of recognition in the company newspaper when promoted or rewarded for some achievement.

One of the interesting benefits of working in the plant at I.B.M. is the I.B.M. Country Club. For \$1.00 per year membership fee every employee of I.B.M. can belong to the social centre of the company. (The club is soon to be moving from its present site with a nine-hole golf course to a new one with the best 18 hole course in Canada.) The opportunity is there for employees from all parts of the plant to socialize on equal terms. Even if the proposed fraternization does not take place the production employee enjoys the club. Few other production employees belong to country clubs with facilities for the whole family including a nursery with qualified supervision to mind the children while the parents and their guests golf, play tennis, or socialize.

The determination of wages is strictly unilateral. The company has a job evaluation program but the majority of the employees do not know they are being evaluated. The job is given a salary range rather than a specific rate and only the company knows the upper limit of the range. Because each employee works individually there is not the same problem of comparison as there is in a machine-paced plant where two workers doing the same job have different hourly rates. An employee may request a raise at any time and he usually knows from his "appraisal and counselling" what his chances of obtaining one will be.

The company carries out wage surveys as well as using D.B.S. data in adjusting its salaries on a yearly basis. If abnormal increases in the cost-of-living occur in any year which threaten to outrun the planned increase the company claims it would raise salaries in mid-year. Salaries are higher than those which prevail elsewhere in the Toronto area for labor of a similar quality. It might be argued, therefore, that the company is passing on to its workers ^{some of} the gains of rapid growth in a monopolistic situation.

One of the big advantages a plant worker has at I.B.M. is job security. Upon coming into the plant he is given a six-month trial period in which he may be shifted to several jobs before he finds one he can do. If he does not succeed at any job he will not be hired. If the company hires him, however, it will undertake to find him a job where he may succeed. The problem of displacement of workers is not one a growing company has to worry about, but I.B.M.'s handling of the displaced workers of their phased out Timekeeping Equipment division is interesting.

Once the company had decided that the division was to be closed the personnel department took the employment history of every individual in the operation and planned a job to which he would be transferred. Where retraining was required the company arranged for the employee to be retrained. After this had been done, the company called a meeting of the employees to tell them the division was to be closed; that the company had made detailed provisions for all of them, and that there was no cause for panic. The insecurity normally generated by such a change was avoided by careful advance planning and the ability to absorb all those displaced.

I.B.M. has the most complete system of any firm in the industry for finding the potential trouble spots before they become serious. The three parts of the program are:

- 1) "opinion survey"
- 2) "speak up"
- 3) "appraisal and counselling".

All employees can participate in these programs which are designed to help the company eliminate problem areas before they breed dissatisfaction.

The opinion survey is carried out once a year on 50% of the employees in each department. It is designed to assess the general level of

morale in the department and provide "operational information" for the decision-makers. For example, the survey will ask an employee how he rates his earnings relative to what he thinks he should be earning and then relative to what he could earn outside the company. Not only does the company find out how it is rated in the employee's mind but incidentally and perhaps by design the employee himself will realize how much better he is doing at I.B.M. than he could do elsewhere. If the company finds that morale is low in any division it will undertake further investigation into the causes. The basic premise of this type of program is that you are prepared to follow it up with action and correct the problems discovered. As a result of the program I.B.M. has made ^{such} major changes as investing \$1½ million in air conditioning the plant, as well as more minor changes such as payment of salaries every two weeks rather than twice a month. In addition, the company has a ^{instituted} Brinks service for cashing the cheques at the plant as a convenience to the employees.

"Speak up" is a follow-up to the opinion survey on a personal level. In the company parlance it is "upward communication which is both personal and anonymous." If the employee has a question about any facet of the company's operation which disturbs him he may submit the question and receive an answer in two ways. If the employee does not want a private response the question and ^{its} answer will appear together in the I.B.M. Canadian News under the heading "Speak Up". If he wishes a personal reply he will have his letter sent to a clerk who gives it a confidential code letter. It will be sent anonymously to the appropriate official who will then answer it and return it to the clerk. It will then be returned to the employee who receives a personal reply to an anonymous question.

The final part of the program is the "appraisal and counselling" which plays an important part in the reward system of the company. It is a personalized program which informs the employee of his work record and discusses with him a program of upgrading or advancement. It occurs twice a year during the first two years of employment and annually thereafter (unless requested more frequently). Although it is designed primarily to deal with the worker's individual situation, the company can find out much relevant information about problems or annoyances which have arisen in the plant. The emphasis which is placed on advancement by the company, helps him feel that the company is interested in his development as an individual and gives him motivation to work harder.

As a result of these three programs the company is able to keep one step ahead of actual grievances. If a grievance arises the employee is able to go via the "open door" policy right up to the president if he does not get satisfaction at an earlier stage.

The results of such a system are encouraging. Since we are concerned with plant employees, it may be interesting to note that they have the longest average length of service of employees in any of the divisions of the company -- we may take this as an indication that, whatever the disadvantages of working at the I.B.M. pace in the upper levels, at the production level there is a high level of satisfaction. Various unions have attempted to organize the I.B.M. workers but have had little success. Moreover, the company learns immediately from its communications system the identity of the union and the issues it is exploiting. Usually it can provide the appropriate defence or take the suitable action to convince the workers they

do not need a union.

The company feels its record shows that an enlightened management can provide fairly for its employees without a union. In the company view it is unlikely that such a system could be preserved if the company became unionized since unions are based on the sometimes mistaken belief that management needs to be fought. When the workers have a mechanism whose purpose is to fight, the temptation is to use the mechanism even if the union must pick the fight and in such circumstances the I.B.M. system would break down.

1) Boulwareism: (Refusal to be forced)

The system of industrial relations, now known as Boulwareism after its originator Lemuel R. Boulware (formerly G.E. Vice-President of Public and Employee Relations), has become the centre of a heated controversy in the United States. Because it is a controversy which is central to the electrical products industry we shall review it briefly and attempt to discuss its relevance to the Canadian industry.

During the Second World War the United Electrical Workers grew to 500,000 members in the United States and as it grew it adopted policies following those of the Communist party. It disturbed General Electric to see unions growing so powerful, especially a union which could tie up the entire defence electronic divisions of the major companies. Following the 1946 strike against G.E., Westinghouse, and the electrical division of I.L., the company set out to change its policies beginning with the appointment of Lemuel R. Boulware to the Vice-Presidency of General Electric.

His approach was to apply the tools of marketing to employee relations; to make the union an attractive offer, based on the best research available; and then to defend that offer by taking a strike

indefinitely if necessary. The company would amend the offer only on the basis of new information. The system is defended in a 1954 G.E. Employee Relations News Letter (Dec. 31) :

- When it comes to making offers, the only way we know to do this ably and honorably is
- ...to study all the evidence all year long as to employee compensation and benefits,
 - ...To study all the applicable union statements made meanwhile,
 - ...to listen to the union demands made in negotiation,
 - ...to consider carefully these demands along with all other old and new information available or that may become available,
 - ...to make offerings at the proper time and voluntarily include absolutely everything our research from all sources, including unions, has indicated should be included to measure up to what's fully right by every reasonable standard
 - ...to discuss fully with the unions and
 - ...to make promptly any modifications in our offers that are indicated as right by any new light on the subject from any source.

The important things to notice about this system are that the company makes an attractive offer which it is willing to change (and historically did change) only when the union presents new and pertinent information.

Bouleware felt that if the employees had the proper information they would make the proper demands. He viewed the 1946 strike as being the result of the company's failure to communicate. The workers and the community received their information from inaccurate and informal sources and ^{since} ~~the~~ the company ^{was} ~~is~~ silent while these sources ^{were} ~~are~~ not, the company ^{lost} ~~may lose~~ control of the shop. It was not sufficient that the company communicate at times of crisis, it would have to maintain the lines of communication open and in good repair at all times. The company ^{under Boulware} ~~was~~ not only going to do right voluntarily, " but it was going to have it known that it was doing so. "

The program ran into trouble following the expulsion of the U.E. from the C.I.O. James B. Carey, the new president of the I.U.E., was determined to squeeze settlements from G.E. which were superior to those of the other unions dealing with the company. This was part of Carey's plan to eliminate the remaining locals of the U.E. In 1953 Carey claimed a victory over Boulwareism when the company modified its offer after G.M. had granted increases to the U.A.W. (The company claimed that this merely demonstrated their flexibility and willingness to modify their offer in the light of new information.) In 1955 Carey could not participate in the negotiations leaving his membership to accept G.E.'s five year agreement with a wage reopener in 1958. The prosperity anticipated by G.E. did not materialize and in 1958 the company would not meet union wage demands, although it did modify several provisions of the agreement. Quoted in 1959 as saying he "owed" G.E. a strike Carey fixed 1960 as the year for the defeat of Boulwareism.

The main demands of the 1960 negotiations were the union shop, S.U.B., and a substantial wage increase. The problems Carey ran into with the strike were discussed earlier and Carey was forced to retreat although he did not ~~surrender~~ ^{surrender}, ~~surrender~~. Appealing to the N.L.R.B. Carey claimed that the company had bargained in bad faith by conducting a propaganda campaign aimed at the employees individually and by refusing to change its original offer. The decision of the trial examiner and the N.L.R.B. that the company had bargained in bad faith has been appealed to a higher court where it still rests.

The 1963 negotiations were concluded without a strike but Carey again followed his pattern of filing charges with the N.L.R.B. that G.E. refused to bargain in good faith. In the company's opinion, the union was

using the overly sympathetic N.L.R.B. as a substitute for competent collective bargaining and using it to bail them out after they had failed with their unreasonable demands. They quote an I.U.E. paper which ~~was~~ ^{was} *to suggest this strategy:*

It's no secret that many I.U.E. members are looking forward to the day when the government under the direction of the President of the United States will put its arm around us and help in our negotiations with General Electric. ...it's obvious the I.U.E. needs help from the Government to get a fair and just contract from G.E. In the recent past the Government has helped the Steelworkers, Rail workers and Auto workers to get good contracts. We believe it's the I.U.E.'s turn and intend to press for help through the proper channels. (14)

In addition to the intervention of the N.L.R.B., as an agency which seemingly oversteps its jurisdiction by "becoming the final arbiter in labor-management disputes", the company is faced with another threat to its system - coalition bargaining.

The N.L.R.B. forced G.E. to meet with bargaining team made up of I.U.E. and I.U.D. coalition members. The I.U.D. (Industrial Union Department) provided the I.U.E. with the staff and the leadership at the bargaining table. Recognizing that the I.U.D. is dominated by Reuther men we can see that the I.U.E. may be in process of losing its existence as an independent entity and may come under U.A.W. domination albeit in a different way from that likely to happen in Canada. If a merger comes about in the U.S. it may also come about in Canada by extension.

Boulwareism has been criticized on philosophical grounds by the late Benjamin M. Selakman who termed it "an outstanding example of cynicism" because it "deprives a human institution of the opportunity to grow in maturity and responsibility". (16) The refusal of the company to let itself be moved from its fair offer deprives the union of the appearance of having won something from the company and thereby deprives the union of the chance

to develop strength and its necessary concomitant responsibility. The company defends itself against Selekman's criticism by claiming that the cooperative relationships idealized by him do not fit into the G.E. system where the company refused to "build up" the union leadership:

Is it morally superior, for example, to make a deal with union leaders rather than to let the rank and file know openly what the issues are and precisely what is on the bargaining table? Is it morally superior to build up the prestige of a union leader by pretending to acquiesce to strike threats or implied threats and to improve for public consumption a contract by an amount which management all the while thought proper instead of putting a complete or thought-to-be complete package on the table right from the start? (17)

Although this defence / maybe a competent rebuttal to Selekman's criticisms of a philosophical nature, it does not really answer his ~~criticism of a practical~~ *further warning!*

The best way for union members and leaders to acquire knowledge of the complex economic, political, and social factors at work, is to learn through the negotiation and administration of agreements. But Boulwareism affords them little or no opportunity to undergo such an experience. It presents them with a "take it or leave it" ultimatum. The consequent danger may be a lethargic rank and file with the radical, the impractical, or the militant rising to leadership; or, worse, the corrupt and predatory may "muscle in" and take over. So we may face, if Boulwareism spreads, the risk of firmly established and powerful unionism without responsible membership and leadership - an ominous eventuality. (18)

If this danger of Boulwareism is as likely as Selekman suggests, then it is a strategy which in the long run helps neither the company nor the union.

The word of warning which goes out to all who would imitate G.E.'s approach is that the company must be willing as G.E. was, to put a "tempting dish" on the table and then defend this offer by taking a strike if

necessary. Moreover, the system cannot work without the well-established lines of communication from the company to the employee.

In Canada the consensus of opinion among employers is that Boulwareism may at times may be tempting but it is not a practicable approach. With a system of compulsory conciliation no employer can afford to put his last offer first. Most would not be willing to see compulsory conciliation eliminated even if it did permit them to try to practice Boulwareism in some form. Perhaps the most telling reason for the failure of Boulwareism in Canada is that the companies cannot divide the unions and play them off against each other as they did in the United States. The Wall Street Journal (Nov 3, 1954) assessed Boulwareism as follows: "To the extent that it succeeds in dividing the employees' allegiance...it cuts down their militancy as unionists." It was clearly recognized (perhaps unjustly) by the business community as a strategy to undermine the loyalty of union members to their leaders and to weaken the unity among unions. The company would put its offer into effect for the non-union workers in the shop or if there were more than one union it would try to get one to accept the offer thereby undermining the other. With the present system of defining bargaining units in Canada such tactics of divide and conquer cannot work so easily since there will be only one union representing a given type of workers at any one plant.

One example of negotiations in Canada where the company borrowed a few pages from Boulware's book were those of Northern Electric with the Communications Workers of America (C.W.A.) in Toronto in 1956-57. In this set of negotiations both the company and the union expressed a desire to settle at the bargaining table without having to go to conciliation. The company proposed, therefore, that it would place its top offer on the table if the union would reciprocate by informing the

company of the minimum offer the union would accept. This would give them a basis for honest negotiations.

According to the company, once the union had the company's top offer they refused to give their minimum acceptable figure and applied for conciliation. The conciliation officer convinced the company that they would have to increase their offer from their maximum but that if they did so, he would negotiate a longer agreement. The problem with trying to put your last offer first is that the union will for political reasons try to push you some small distance beyond the final offer and most companies are likely to compare the cost of the incremental demand, with the cost of a strike and decide to give in. They are not ^{sufficiently} dedicated to the Boulware philosophy that they would take a strike to defend it.

These events had an effect on the company's strategy at the next set of negotiations. The union began with a request for the company's top offer; but the company made no offer at all this time. It then proceeded to sit through both stages of the conciliation procedure making no offer. The conciliation board came out with a recommendation ^(rejected by the union) which was two cents lower than what the company was prepared to offer. The union nominee to the board suggested that the company could avoid a strike if it were to raise its offer above the board's recommendation. The company then offered the additional two cents it was prepared to give all along and the offer was accepted by the negotiating committee. The company claims a double-cross by the union because the negotiating committee then went outside and told the workers it had refused the company's offer and was recommending a strike. A 24-day strike by 1,150 employees was ended when the company wrote letters directly

to all

the employees informing them of the alleged behaviour of their committee.
 subsequently
 The workers / returned to their jobs at the company's offer of 2 cents
 more than the recommendation of the conciliation board.

Northern Electric puts great stock in the effectiveness of communications in settling strikes. During the recent strike by the N.E.E.A. in Montreal the company sent a letter to all employees informing them of the company's offer, how their benefits and wages compared to those in competing plants organized by the raiding Steelworkers, and how they compared to the community averages. The following excerpts from the letter of June 20, 1967 are indicative of the Boulwareistic approach of going straight to the employees to get them to influence their representatives:

...Talks to settle the strike have been completely unsuccessful. The strike is causing our employees great loss in wages and benefits; there is every indication that it could continue for a long time. You, as an employee, are entitled to an explanation of the facts in this serious matter so that you can properly guide your representatives in negotiations

...A large cable competitor in this province, represented by the United Steelworkers, will be paying wages in 1968 equal to our 1965 wages. Another competitor in Ontario, represented by a large international union, is paying wages 15-20% lower than your present scale.

...Although our competitors do not provide equal wages and benefits to their employees, we must sell our products at equal or lower prices. If we don't, the orders will not come to us, job opportunities will be reduced and so will the Company's ability to pay increasing wages and benefits.

...Every employee owes it to himself, his family, and his fellow employees to seriously consider the Company's offer and to express his or her opinion to their bargaining representatives.

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The use of communications of this type is the only part of Boulware's system which the company now uses. Even the fact of dealing with a company association rather than a union claiming industry - wide jurisdiction, does not change the fact that the company has a bilateral system for the determination of its outputs. We do not want to leave the impression that Northern Electric is an example of pure Boulwareism - it must ^{bargain} / each item with determination as in any bilateral negotiation.

3) Bilateral Determination of the Outputs

a) The Key Bargain: G.E. and U.E.

General Electric, as we showed earlier, is the largest and the most profitable company in the industry in Canada. It would be the likely candidate for making the key bargain. Any agreement which is struck at G.E. then becomes ^{the} / minimum demand which the U.E. makes of Westinghouse, "a comparable company in all respects" according to the union. We shall discuss the extent of pattern bargaining in the industry at a later time. At this time we will look at the collective bargaining process of General Electric.

The company has had a record of following any major changes which have taken place in the American company such as the 5 year agreement in 1955, the abandonment of the cost-of-living escalator, and the insistence on a contributory pension plan. Major changes in the agreement are seemingly made in the United States, although the Canadian officials claim complete discretion in whether or not they will follow the American example.

General Electric likes to negotiate a master agreement with the U.E. In addition to saving repetitious bargaining with the same union representatives it is one way of preventing "whipsawing" by the union. Local wage levels could conceivably play a role in setting the rates at any plant but the union cannot

force changes in fringe benefits, pensions, medical plans which are different for each local. The company gains certain economies in not having to administer several separate plans.

All of the company's bargaining with the U.E. goes at least to conciliation before being settled. The company attributes this to the internal politics of the union which require the leaders to go through the "complete ritual" in order to convince the membership that they have wrung the last possible concession from the company. The union attributes it to the unwillingness of the company to enter into honest negotiations before the strike deadline is upon them.

In the recent negotiations the company took a three-week strike in Ontario before settling with the U.E. (February) and then took a three-day strike by the I.U.E. in Quebec in April before giving them many of the same increases as the Ontario workers. (The Quebec workers were striking for wage parity with the Ontario plants.)

G.E. has reinstituted a cost-of-living escalator in their new agreement after removing it in 1963. In this provision it is important to note that the company will not match cost-of-living increases and wage increases percentage-by-percentage. It is designed to offset partially any abnormal increases in the price level; the negotiated yearly increments are supposed to include a hedge against normal price increases. As it is now designed, the company will increase wages by $\frac{1}{4}\%$ of $\frac{1}{4}\%$ if the consumer price index rises between 3 and $3\frac{1}{4}\%$ and it will increase wages by $\frac{3}{4}\%$ of 1% if the price index rises by more than $3\frac{1}{4}\%$. In overall terms, the recent contract included a wage increase of 6 percent in the first year and 5 percent in each of the next two years plus

a cost-of-living formula that will probably yield about one percent.

The union hailed its technological change and retraining provision as a major gain from the company. If there is a technological change which involves the displacement of workers the company will confer (but not negotiate) with the union as to the best way to carry out the change. The company expressed the view that no management is so wise that it cannot benefit from the suggestions of union men experienced in the job. In the event of closing out a product line, the company will undertake a "liberal application" of the seniority provisions with some retraining according to the employee's service within the company. If the employee takes the initiative he could probably transfer (with loss of seniority) to another G.E. plant if there were a vacancy.

There are courses of job training and skill upgrading for those who wish to prepare themselves for promotion. The completion of the course does not mean automatic promotion but merely an improved likelihood of gaining a better job when a vacancy does occur. The company supplies the machines, materials, and instructors and the worker supplies his time. The program is well received and approximately 800 of the 3,500 hourly-rated employees at the Peterborough plant participate in it.

The company's avowed formula for industrial peace is that both parties be willing to accommodate themselves to the legitimate objectives of the other. The company has had basically good relations with its unions. The U.E., when asked what were the most frequent causes of grievances at G.E. replied that they were rates, payment, and job classifications. All of these sources of grievances are negotiable items in the collective agreement and involve problems of interpretation which can ideally be solved by peaceful negotiation between union and management. It will be interesting to contrast this with

the union's experience with Westinghouse, a less profitable company but one which is usually faced with the same wage and benefit demands as General Electric.

b) The Diffusion of the Pattern: Westinghouse and U.E.

The normal direction of the pattern which the union tries to bring about is from General Electric, where it has the best chance of making major gains, to Westinghouse, a company which the union argues is "comparable in every respect". We have seen, however, that Westinghouse is not as profitable as General Electric and must protect itself from having to follow the bargain made by its wealthier rival. In this section we shall discuss Westinghouse's industrial relations policy, the outputs which it produces, and the way in which Westinghouse diffuses the pattern which General Electric sets.

When Westinghouse bargains it must consider the General Electric settlement but it also looks to community wage levels and other wages in the electrical products industry for guides as to what is "appropriate". The company bargains each local separately and has repeatedly declared that it will not accept a master agreement. The company would take a prolonged strike over this issue alone. By bargaining each local separately the company is able to save money at plants where local labour markets are slack and the bargaining power of the union is weak. The key negotiations between the union and Westinghouse are those in the three Hamilton plants. They set the upper range which the U.E. and the I.U.E. can hope to gain at the other plants. Since the high wages in the steel industry may enter into the Hamilton negotiations it is easily seen why the company would not want a master agreement which would be bargained in Hamilton. In defence of its offer this last year Westinghouse's Vice President outlined the considerations of the company which lie behind what they say is an appropriate offer: (The Globe and Mail May 10, 1967)

Westinghouse vice president J.W. Henley claimed the offer did compare favorably with the General Electric Settlement.

He admitted, however, that it was difficult to compare the two contracts because of regional differences. He called the Westinghouse proposal a record offer by the company in over 20 years of bargaining with the union. The offer, judged by the standards of the community or the electrical manufacturing industry, provided an excellent basis for settlement and one which should have permitted uninterrupted in the Hamilton plant which has not been strikebound for 21 years, he said.

By appealing to local conditions and wages in the other segments of the electrical manufacturing industry the company is able to stop the G.E. settlement from spreading past the main Westinghouse plants in Hamilton.

Although the company tries to separate developments in the Hamilton plants from those in the other plants it is obvious that the union sets its sights on these negotiations. / After the Hamilton negotiations the U.E. Canadian News (March 13, 1959) carried the following articles from the London and Toronto plants:

London: Work being done here was formerly done at the Hamilton shop and U.E. members here can see no good reason why the company should be allowed to get away with paying substandard wages.

Toronto: With Hamilton now settled there is no good reason for the other Westinghouse shops to lag behind.

The company is very conscious of this pattern of demands and must bargain vigorously for any advantage it can get at each plant in order to break the chain. The fact that Westinghouse is fighting to keep the union from getting what they have been given by General Electric explains in large measure why the union speaks more favorably of General Electric than it does of Westinghouse. It is worthwhile to review the history of industrial relations at Westinghouse.

The Hamilton plants have been organized by the U.E. since 1946 following: a short strike for recognition. The company did not fight the unionization of the plant nor was there any violence. The company has never tried to use the communist leadership of the union as a bargaining issue nor as a propaganda weapon. It maintains, moreover, that nowhere in their relations with the U.E. has communism ever entered / ^{as an issue.} The company respects the union as being well-led, disciplined, researched, and "tough".

In the recent negotiations the union resisted a three-year agreement, but finally accepted it in order to gain some benefits they would not have received in a two-year agreement. As in General Electric they negotiated a cost-of-living escalator which becomes effective when the annual consumer price increase is in excess of 3%. In the recent agreement there were some improvements in the area of job security which may be considered major gains.

In a plant where the average length of service is 17 years it would be expected that we would find an emphasis on improved seniority provisions. Up to 10 days' training will be available to employees about to be laid off and arrangements have been made for an employee to apply for an extension to his return rights to a job formerly held. In addition, the union made a significant gain in the following new technological change clause:

When the Company introduces new technology in the form of capital equipment and such introduction has the initial result of:

- i) displacing 15 or more employees, or
 - ii) changing the immediate jobs of 15 or more employees by establishing a different labor grade;
- the Company will notify the Union as far in advance as practicable. Upon request, the Company will arrange a meeting with the Union for the purpose of discussing

the effects on the employment status of such employees in applying the seniority provisions of the agreement.

Although the company expressed the view that the union has gradually eroded the area of management discretion, they feel it would be a Pyrrhic victory to try to regain its lost rights. The company will resist the loss of more of its rights, and in no case will it allow the decision to introduce new equipment to become a joint venture whether by "cooperation" or negotiation.

Negotiations with the U.E. always go to conciliation - a useful stage in the company's opinion since it provides a period of attrition of union demands which is ^a/necessary stage in the bargaining process. The leader is forced to make his demands more realistic while at the same time giving the appearance of vigorous bargaining to the rank-and-file.

The grievance procedure has been described as the flesh which gives life to the skeleton that is the collective agreement. It is here that the actors' opinions about relations in general are formed, and with Westinghouse there have been some problems with the grievance procedure.

91 - Whereas the most frequent causes of grievances at General Electric were rates of pay and job classification, at Westinghouse the union cited wages, poor working conditions, unwarranted discipline, and interference with accepted practices. In the most recent agreement, however, changes have been made to streamline the procedure. Job evaluation grievances will be filed directly to the second stage; a union job evaluation panel for grievances will be recognized; and in-plant time spent on grievances will be counted for overtime payment calculations. A further change is designed to facilitate the settlement of as many grievances on an informal basis as possible -- arrangements will be made for a Chief Steward and Foreman's Supervisor to discuss a grievance after the first stage answer but before the second stage

answer. In cases involving discipline the Steward will be given a written notice upon request by the employee. The number of changes in the grievance procedure is indicative of the dissatisfaction with the former system. Formerly, there were about 200 written grievances per year of which 5-10% ended in arbitration. The new procedures are designed to settle complaints before they become written grievances.

In the opinion of the union the company "follows the letter of the agreement rather than the spirit of it". The company is quite likely to fight a grievance to final arbitration even when it involves very small amounts of money. The union resents the company's seizing on "any technicality it can find" to win its case while the company is defending not the money at stake but a "principle". The union newspaper is hardly an unbiased source of such examples but it is replete with them. The interesting thing to note is that the union is not attacking in these articles the Canadian management as much as it is accusing the American owners of exploiting the Canadian workers.

The company is very strict in matters of discipline in the plant. In cases of a work stoppage, for example, the company will suspend those who refuse to go back to work and give double suspension to their steward. This remains the policy of the company in spite of an arbitration decision involving Westinghouse in 1960. Judge W.S. Lane ruled that:

A steward's responsibility is to the union and its members, not to the company...a steward who commits an alleged offence under the contract similar to the one committed by other workers is liable to only the same penalty. (16)

The union has alleged that the company has used "Gestapo-like" tactics in obstructing the union. They speak of one steward whose every movement for

several weeks was recorded by a management clerk who did nothing but watch him all day long to prevent him from doing his job as a steward in his normal fashion.

When the U.E. went on strike during the 1967 negotiations the union's press statements spoke of getting their share of the company's huge profits of the last few years. However, in discussions with the interviewers they emphasized a more emotional reason for the strike: the accumulation of grievances which were unsuccessfully settled and the company's rigidity in interpreting the agreement had led the workers to release their frustrations on the picket line in a determined but well-disciplined strike.

The company feels that the balance of power has shifted to the union's side and that reformed legislation is needed which permits the company to bypass the labor relations board and sue the union directly in the courts as soon as it violates the collective agreement. If we couple this "solution" to the problems of labor-management dispute with the union's belief that all companies need to be fought we have scarcely fertile ground for cultivating a harmonious day-to-day relationship.

c) Determination of the Outputs Outside of the Unit:

A.C.A. Victor and I.U.E. (Prescott)

Although the initial bargaining is done between the personnel manager and other officers of the Prescott plant and the local bargaining representatives under the area business agent, special circumstances lead to the ultimate intervention of a company officer from the Montreal head office and the union president from Toronto.

On the company side, the head office specifies the maximum amount which the Prescott officials are allowed to bargain away on their own authority. On the union side, the area representative follows the strategy of going down to the strike deadline with almost every item open.

Since there is no coincidence of offer and demand even after conciliation the respective head offices are called in. The plant must call in the head office because it has offered all it was permitted to offer. The union has not changed its offer even in conciliation because of the feeling that "all the officer does is bargain you down, he doesn't bargain for you, so the best thing to do is to hold tight and yield nothing". The company suggested that the intervention of the union president / ^{could be} an attempt on his part to regain some of the prestige and power he lost during the Carey-Hartnett struggle and its aftermath.

The intervention of agents from outside the unit in the determination of the outputs has not been an efficient system in the opinion of both the plant officials and the local union leaders. The rather desperate and hurried settlement has ^{often} led to a sacrificing of demands on which local workers placed a premium. Meanwhile, the plant personnel manager pointed out an instance where the head office representative / ^{of the company} consented (against advice) to a seemingly innocuous change in wording which later imposed huge costs on the company in the administration of its seniority provision. Both parties felt that if the intervention were necessary it should take place right from the start; but the preferable course of action / ^{would be} to grant autonomy to both parties to make their own agreement.

Since the outcome of the negotiations rests with company and union officials outside the bargaining unit the personnel manager and the local committee have been able to cooperate in finding better ways of handling day-to-day problems that arise. The personnel manager schedules weekly meetings with a committee of union leaders to discuss any grievances which might have arisen during the week. The union prefers to handle grievances in this informal manner since they have come to trust the personnel manager and feel he will take the steps to solve the complaint. Moreover, the union is hesitant to put grievances in writing because they feel arbitration boards tend to favour the company. Sometimes the company will ask the union to put a recurrent grievance in writing so that it can have a written justification for the corrective measures and resulting expenditures. The company does not feel that there would be any advantage in expanding this weekly meeting into a full-scale labor-management committee since the dearth of serious/^{Issues}to be discussed would mean that too much time would be wasted. Since the personnel manager is the one who must deal with these problems he is sufficient to represent the company. Both parties feel that their time is well-spent in these meetings.

One danger inherent in the system as it is now practised is that the foreman's authority in the shop is undermined and the role of the steward is diminished since all minor problems are taken over their heads to the weekly meetings. On balance, however, the system has produced a harmonious day-to-day relationship in an industry where instability of the market produces disrupting fluctuations in employment.

4. Mechanisms: An Overview

a) The Importance of Intraorganizational Bargaining

Before either of the parties to negotiations is ready to meet

the other at the bargaining table it must go through the very important process of "intraorganizational bargaining" which must resolve the conflicting values and goals of members within the union and the conflicts of interests among managers within the company. The chain of authority is well defined within the company and it is likely that one well defined objective will predominate in the negotiations. With the unions, conflicting goals and desires are likely to compete and the emphasis on them likely to change with the age and sex composition of the plant force, the structure of power groups within the union, and the way in which each member predicts the future. Where there is a well-defined objective which predominates, the union will find itself in a strong bargaining position; where no well-defined objective exists the union is in a weak bargaining position and the results are usually thought to be unsatisfactory by both parties. We can illustrate this with examples from our field interviews.

Most unions will elect a negotiating committee at the general meeting which will be entrusted with the task of preparing a set of demands and then fighting the company to win them. The committee will look at all the grievances of the past years and demand improvements which will prevent their reoccurrence. It will hold meetings with individual departments to find out their special demands and then it will call for suggestions from the floor of a general meeting. To these ideas the business agent adds his experience and knowledge and the head office may supply research until a final set of demands is ready to be voted upon by the members. It is the resulting set of demands and the priorities attached to them which is the true test of a union.

The U.E. is acknowledged by the companies to be a "sophisticated" union. Their demands are always well researched and the negotiating committee

is informed as to the priorities attached to each item. The committee can bargain with determination in every expectation that the membership will not reject their recommendation. In large measure the strength of the U.E. at the bargaining table comes from the way in which their demands have been prepared before being laid on the table. The committee has tempered the demands of the individual members and moulded them into a compact package which can be discussed, (if not accepted). ^{*the serious demands*} ~~the demands~~ are padded with "normal window dressing" and "philosophical dogma" which has no hope of being accepted (such as immunity from discipline for refusing to handle "hot goods".)

The I.U.E. at R.C.A. Victor in Prescott is an example of a union which has not followed the practice of trading off goals internally before presenting them to the company. The committee does not try to moderate or to trim the demands suggested to it but instead presents the whole morass to the company at the bargaining table. The negotiating committee is not sure of the priorities attached to each item and, consequently, vacillates and refuses to make any alteration. As mentioned earlier, every item goes down to the strike deadline open to negotiation. When the union president comes in at the last moment he must sacrifice some items which appear minor but which may be very important to some groups of employees.

In this way failure to use intraorganizational bargaining before approaching the company, weakens the union in its bargaining with the company and weakens the relationship between the head office and the local; even though the local still remains dependent on the national office.

We make the observation, therefore, that unions which put a considerable amount of effort into preparing their demands and consider

not only what they want but also what they are reasonably likely to get are likely to have the best success at the table, and if they are not successful they have well-developed priorities for which the members are willing to strike.

b) Pattern Bargaining

One would generally anticipate pattern bargaining in industries which have the following three characteristics:

- i) the industry is composed of a relatively small number of large firms;
- ii) the product is sold on a national basis so that relative unit labor costs are vitally important to the companies,
- iii) there is a high degree of centralized decision making within the union organization.

Where the first two conditions are not met the union is more likely to adjust its demands in light of the relative profitableness of particular employers.

In the electrical products industry there are usually only two large firms producing in any sub industry and the remaining firms are not large enough or strong enough to have the pattern forced upon them. For example what is gained from General Electric and Westinghouse will not be required of Hoover (although it may be asked initially), just as Industrial Wire and Cable cannot keep up with the benefits and wages paid by Northern Electric and Canada Wire and Cable. Of course, the smaller companies are forced to make major improvements in their own way and at their own level when major changes are made in the large companies; but usually a small company is compared to other companies of similar size and location. Hoover, for example, is the company that is used as the model for what Square D should do.

To the extent that the closeness of General Electric and Westinghouse; and Northern Electric and Canada Wire and Cable is consciously maintained by the union we can say a pattern exists. However, we must qualify this by recalling that Westinghouse may diffuse the pattern by bargaining with each local separately. The U.E. does not try to force General Electric wages and benefits on Hoover or the other small companies, / ^{implicitly} recognizing a difference in / ^{their} relative abilities to compete. The Steelworkers did not force Ferranti-Packard wages on Pioneer Electric in 1954 but instead took a cut in wages. The unions seem to be aware of the impossibility to force a pattern on companies which are not comparable.

c) A General View of Negotiations

It is generally the case that negotiations go to conciliation with each party accusing the other of failure to begin honest negotiations. The company claims that the union leaders are forced to "go through a ritual" before they begin to negotiate seriously; that the leaders will not settle at the bargaining stage because they have still two stages of conciliation and a strike threat to go through before the members are convinced they have used all the weapons at their disposal to effect a fair settlement. The union will not settle at the conciliation officer stage because he is not the final intervention in the process. If the conciliation board stage were to be made voluntary upon mutual request, i.e. only when both parties feel that agreement is sufficiently near to warrant its appointment, then both parties might make greater efforts to settle with the aid of a conciliation officer. As the process is now constituted any major concessions made by the company during the conciliation officer stage become the jumping off point at the board stage as far as the union is concerned.

One union (U.E.) attributes the break down of the collective bargaining process to the compulsory conciliation process which permits the company to avoid honest bargaining until they are faced with the strike deadline. In their brief to the Rand Commission they offer the following hypothetical example:

...The members of a bargaining unit meet in January to decide upon and draw up proposed changes in the collective agreement that expires at the end of April. They may have a clause in the agreement that allows for notification of intention to modify sixty days in advance of expiry date. Late in February, the company is notified of the desire of the union to meet to discuss the proposed changes. The parties are required to meet within fifteen days of notification. At this point the employer holds, let us say, one meeting per week for four weeks without advancing any offer or negotiating on any of the proposals placed by the union. By this time it is the middle of April, two weeks before the expiry date. The union then applies for conciliation services and an officer will call a meeting, usually fruitless, and make his report by the end of the fourteen days allotted. The expiry date has now passed and the membership of the unit is getting impatient. The conciliation officer's report may recommend the establishment of a Conciliation Board, and this process can drag for months before the seven day period (before the strike) is reached and bargaining really gets under way. Six, seven, or eight months after demands have been submitted, and no settlement is made is enough to make the younger workers, and workers new to collective bargaining impatient. And not only that -- in recent times, price increases in the same period have deflated monetary demands. This in turn, leads to the situations that have developed in the past 12 months where union members have rejected settlement offers even though acceptance has been recommended by the negotiating committee. (20)

The brief goes on to recommend, therefore, that conciliation services should consist of the appointment of a competent officer whose services are available well in advance of the termination date of the collective agreement, so that the workers can strike if necessary at the conclusion of the contract. At no time did any person, either from the union side or the company side suggest that conciliation should be abolished altogether.

d) The Trial of Strength: The Role of Strikes

The strike, of course, is the union's ultimate source of power and it is the strike or threat of a strike which brings about a settlement in most cases. A strike is the most dramatic part of unionism and provides the union movement with its heroes, martyrs, and folklore. A successful strike can bind the members of a union together where years of "peaceful" negotiations could not. To the general public the whole purpose of industrial relations is the maintenance of industrial peace and the prevention of strikes is an end in itself. As far as the electrical products industry is concerned we may take the approach that the two interested parties to the negotiations are the best and only judges of when a strike should be called and how long it should be endured; that the social costs of a strike in the industry are negligible; and that peace may be bought at too high a price.

When a strike occurs in this industry, resources are kept idle for weeks or perhaps months, but the production is not lost permanently to the economy as in the case of services which must be consumed now or lost forever. As Livernash found in the basic steel industry, production is displaced in time or location, rather than lost altogether. Consumers can postpone their replacement demand for appliances or alternatively can purchase from a competitor of the struck firm. A manufacturer of heavy transformers must meet his contract date by providing overtime employment to his workers following their return to work. In any event, the "lost" production remains within the Canadian economy. The "national interest" is not involved in work stoppages in the industry because the output is not in crucial demand. Hence, we find ^{that} / governmental intervention in strike situations is justifiably absent in this industry.

We quoted earlier from C.E.M.A.'s brief to the Rand Corporation to indicate their opposition to compulsory arbitration as a means of bringing about settlements. We offer the opinion of the U.E. in their brief to the Rand Commission which holds a similar viewpoint:

Collective bargaining is a process whereby representatives of the two parties concerned, labor and management, negotiate from their respective positions, with a view to coming to a voluntary agreement of the matters in dispute. Agreement is reached when the bargaining strength of either party is visibly greater than that of the other. Labor's ultimate weapon in this relationship is the strike, and when it is resorted to, the strike becomes a struggle between two antagonists and under no circumstances should be subject to the involvement of an outside party. (p.1)

Compulsory arbitration is also attacked by the U.E. as a means of settling grievances during the closed part of the agreement -- especially grievances having to do with technological change:

In these days of technological change that can over-night eliminate the livelihood of many workers, it is necessary that this power imbalance in favor of management be eliminated. If governments refuse to regulate the application of automated processes that destroy jobs, without suitable social redress, then the law must be changed to allow labor to strike if necessary, at any time in the "closed" period of the collective agreement, if that is the only way in which the employer can be brought to discuss the change and the effects of the change on the work force concerned. (p 11-12)

They conclude that if final and binding arbitration were made the option of the grieving party there, would be a reduction in the number of wildcat

strikes caused by frustrating delays.

The union would argue

that you do not promote stability if by taking away the union's right to

strike you permit the company to refuse to discuss an issue. ^{this is} They claim that /

what happens because the companies see no threat in being forced to go to

arbitration. If we were to accept / ^{union's} reasoning and / ^{recommend} the right to

strike even during the closed part of the agreement, we would ^{then} be interested

in the ability of the unions to strike successfully and also their propensity to use this method.

The most important element in carrying out a strike is the ability to shut the plant down. Most employers in the ^{electrical products} industry would not try to continue operations during the course of a strike. In the first place strike breakers are difficult to find in tight labor markets; and second, the resort to strike breaking changes the nature of the battle. The union is no longer fighting a wage issue or work-rules battle... it is then engaged in a fight for survival. We note that violence has been most frequent in cases where the company has attempted to bring non-union workers across the picket lines. The companies generally recognize the futility of attempting to continue operations, but argue that just as a worker can seek alternate employment during the strike, so the company should have its right to continue operations protected:

In some cases involving strike action it is not feasible for the employer to consider operating his business during the strike. This is particularly so where the strike is strongly supported by the employees, or in an industry where it is not possible to operate at all with fewer than the total complement of workers, or where suitable replacements are not available. In other cases, however, there may be many employees who wish to work rather than strike; there may be compelling financial reasons leaving the employer with no alternatives but to attempt to operate or go bankrupt; there may be subversive persons involved who intend to prolong the strike indefinitely without regard to the welfare of the employees. Economic forces which are generated by a strike cannot have their natural play unless the employer is in a position to continue his business, in whole or in part, if he chooses and is able to do so.

Nor, for the same reason should a striking employee be denied the right to secure other employment during a strike. (21)

C.E.M.A. makes the additional point that unions hold and convey the mistaken idea that crossing a picket line is illegal in some sense.

The second most important factor in carrying out a successful strike is the union's ability to keep unity among its members and discipline on the picket lines. With unity and discipline a strike can be successful even if the union does not have a large strike fund. No one, for example, would have expected the N.E.E.A. to go on strike in Montreal, but with contributions from other unions and advice from ^{other} labor leaders they were able to carry out a well-disciplined and successful strike, even in the face of raiding by the Steelworkers. In similar fashion, the U.E., has no strike fund but can carry out determined and usually peaceful strikes. A large strike fund seems a necessity only in the case of prolonged strikes, usually against firms which have little to lose by taking a long strike or which are determined to break the union.

In the recent Westinghouse strike the U.E. was very careful not to give cause for an injunction. Injunctions are always seen by the union as being very effective strikebreakers; especially in the early part of the strike:

The first few days of a strike are a vital period as far as the morale of the strikers is concerned, and if their right to display their solidarity is denied by the granting of an injunction, then many times they lose heart over the fact that strikebreakers are being escorted by police across the token picket line allowed by the injunction...

It is worth noting in this respect, that of the last three strikes undertaken by members of this Union (U.E.) in which injunctions were issued, two were lost. It is also significant that in the two lost strikes, injunctions were issued within 48 hours after the start of the strike... (22)

It is not our job to discuss the use of ex parte injunctions as strikebreaking weapons in this paper. We just wish to point out that unions in this industry, as well as in others, have objected to the injunction on the grounds that ^{feel} unions/that the ^{when} employer can easily gain one even when the workers are disciplined and obeying the law. This, in itself, may breed a sense of injustice and promote the violence it was intended to prevent.

Finally, a union which has been able to maintain discipline and solidarity on the picket line should have no trouble in leading its members back to work when the leaders feel they have made a decent settlement with the company. Returning to the importance of intra-organizational bargaining we assert that a union which loses control of its membership during a strike is probably one which had not reached a proper consensus of its members before going on strike.

The electrical products industry has been relatively strike free considering its high degree of unionization. Those strikes which have taken place have been for wages and other substantive benefits with cases now and then of strikes over discipline, dismissals, or suspensions. The industry has not yet reached the point where the adjustments it must make to meet competition affect the workers so seriously that they force the union to use the strike as a ^{defensive} weapon. It is interesting to note that only in 1964 and 1955 were the number of man days lost in electrical manufacturing, compared to the number of man days lost in all manufacturing, greater than proportional to the importance of this industry relative to all manufacturing. We may explain 1955 as being the U.A.W.'s ^{long} strike at General Motors (and thereby Frigidaire) and 1964 was the year in which the U.E. struck Lanark Manufacturing and Amalgamated Electric - a "Chamber of Commerce" firm and a "runaway" firm. ^{latter cases are} If these / any indication of what is to come when the industry is forced to make drastic changes, the electrical products industry may become a strike-prone industry as the smaller firms are forced to compete with foreign companies in the now less protected Canadian market.

PART E :OUTPUTS BECOME INPUTS

The outputs of the industrial relations system feed back into the system as inputs indirectly through changes they make in the conditioning inputs, and directly through their effect on the attitudes of employees towards the company and vice-versa. Where large wage increases make a company uncompetitive and force it to move to a low wage area, the whole structure of industrial relations is changed. Where high wages have brought affluence to the workers, e.g. automotive workers, the goals and values of the union change. Where a history of good relations has built up a trust between union and management, this has a direct effect on the behavior of both parties (as our discussion of different company and union pairings will have made clear in the previous section). In this section we shall try to indicate how the various outputs of the system may become inputs and influence the subsequent negotiations. To do this we shall describe how the particular output compares with those of other industries, how it is appropriate (or inappropriate) to the situation of the industry itself, and try to give examples of unusual situations which have appeared.

1) Union Security Provisions

Most of the firms in the industry have some provision for check-off of union dues. Those which have been unionized for some period of time have become union shops. Those which have become unionized recently tend towards voluntary revocable check-off which later will be changed to the "Rand formula" or a union shop once the union is more firmly established. Only in exceptional cases does the company fight the establishment and entrenchment of the union, consequently, we may say that battles over union security are relatively infrequent in the industry. Indeed we would not

expect them to be frequent in an industry where unionism has been a long-established fact, even if the firm being unionized is a new entrant to the industry.

Two examples of companies without strong union security provisions are Allen Bradley (Galt) and Pioneer Electric (Winnipeg). In the former company the union is forced to collect the dues privately from the membership. The company was unionized by the U.E. in 1962-63 but refused to grant the check-off on the principle of the "right of the individual to work". During the 1963 strike many workers in the bargaining unit crossed the picket lines and went to work. Eventually, the union will gain a union security clause (probably the voluntary revocable check-off and later the Rand formula). The turnover in the plant is low, the company will make work rather than make temporary layoffs, and wages are satisfactory so it is unlikely the non-members would respect the picket lines of a strike for union recognition. The union does not have to spend all its energy in organizing although some of its effectiveness must be lost due to time lost in the collection of dues and maintenance of the paid-up membership.

In the Pioneer Electric plant in Winnipeg there is a voluntary revocable check-off, but due to the high turnover of labor, the union (U.S.W.) has trouble keeping its membership as high as 60%. The continuous need to sign up new members to replace those leaving, as well as the need to elect three or four new stewards each month, has meant the power of the union has been dissipated in organizational activity and the struggle for survival. The union feels confident, however, that they will gain at least the Rand formula this set of negotiations. The union suggests that a union security clause may be a first step towards solving the company's problem of high

turnover of labor. Once the workers have a strong in-plant organization to settle their grievances they will no longer need to quit in order to find satisfactory conditions. The high turnover rate and complete absence of written grievances together suggest that workers seek alternate employment rather than fight via the grievance procedure for better conditions at Pioneer Electric.

Although union security clauses increase the power of the union companies have not always suffered from the granting of them. Pioneer may be a company which would benefit from having a stronger union. Moreover, if a company has a compulsory check-off of union dues, it contributes to the union's ability to deter raids before they begin. A settled relationship between the company and the union is conducive to better relations, although this does not mean that they will necessarily come about. In general, therefore, we may say that the high degree of stability in the structure of unionism in the industry is due in part to the existence of union security clauses and the tendency of management not to fight the entrenchment of a union. This stability, in turn, has contributed to the relative peacefulness of the industry.

2) Wages

Average hourly earnings in the electrical products industry have been close to the average for all manufacturing and have moved consistently with the average over the period 1950-65. The industry is, therefore, unusual neither for its high nor for its low wages. We make one qualification based on data presented earlier that wages in the Canadian electrical products industry are higher relative to productivity than those in the American industry. (We do not know if this relationship holds true for other industries as well.)


There has recently been much interest among European economists in "wage drift"--a phenomenon in which actual increases in wages in the non-union sector exceed negotiated increases in the union sector in periods of rising employment. The existence of wage drift may be due to imperfect foresight on the part of the union...the union may expect labour markets to be slack in the near future and will accept a bargain based on that prediction when in fact the market becomes very tight and wages elsewhere are forced upwards. It may also occur because an employer refuses to agree to long term rates high enough to eliminate labour shortages because he believes such shortages to be temporary. In such cases the employer prefers to endure the costs of high labour turnover rather than permanently saddle his company with higher wages.

We can find in recent years examples of companies in the electrical products industry which have been faced with labour shortages when trying to hire workers at the negotiated rate. Sangamo, Pioneer Electric, and Dominion Electrohome have all advanced the date at which the next negotiated increases would be forthcoming in an attempt to attract labour and reduce turnover. It is interesting to note, however, that there are special circumstances in all three of these cases. At Sangamo the older workers have control of the union and emphasize job security and pensions while the younger workers have to leave if they want more money instead of more benefits. At Pioneer the union is forced to dissipate its energy in maintaining its organization and cannot be as militant in gaining wage increases as would otherwise be. Finally, at Dominion Electrohome the Amalgamated Workers Union is a company union which has tended to trust the beneficence of the company in matters of wages since the company can always argue that what they lose in wages they make up in the company's profit-sharing plan.

We expect that if one were to plot an index of base rates in union agreements against an index of average hourly earning he would find that the average hourly earnings index would lie ^{slightly} above the negotiated wage index in boom years and ^{slightly} below it in recessions. Part of the divergence would be due to changes in the amount of overtime worked but some of it would be evidence of wage drift in the industry.

It appears as if wage rates in the electrical products industry are at approximately appropriate levels if we are to use the labor market ^{had ever} criterion. Very few companies found that they experienced a shortage of qualified labor, and those that did soon raised their wages to market levels. Negotiated settlements are very infrequently out of line with what labor market conditions demand -- an indication, perhaps, that the industrial relations system is finely attuned to the influence of the conditioning inputs.

High wage levels predominating in the industrial centres such as Toronto, Hamilton, Montreal, and Peterborough have led several ^{smaller} firms to "run away" to lower wage areas. We have already seen how runaway firms tend to be associated with poor relations and picket-line violence. ^a Such company has usually moved to escape union wages and fights vigorously any attempt to bring high wages to a low wage area via the union influence. Low wages are indicative of a loose labor market and strikebreakers are more easily found and employed in such situations. Often local authorities have promoted the move and will take the side of the company. Such an inauspicious beginning cannot help but influence future negotiations.

MO  As yet, however, wage levels have not been so high that companies are forced to take drastic measures nor have they been so low that unions

have been able to claim they are being exploited. The union's "exploitation" argument is usually a fairly sophisticated one showing that average hourly earnings have not kept pace with output per man-hour.

3) Hours of Work

1) Average Weekly Hours

Average weekly hours in the electrical products industry have fluctuated in the same direction as movements in the overall economy as would be expected where the demand for the industry's output is pro-cyclical. Low points in the series were in 1954 and 1958 when average hours fell to 40 hours per week. The industry has always had a short work week relative to other manufacturing industry. Since average hourly earnings are about average for all manufacturing and hours are less than the average it follows that average weekly earnings are less than the average for the manufacturing sector.

ii) Overtime

There are some firms in the industry which schedule overtime on a regular basis rather than take on new employees and expand the operation. In some cases they have not been able to expand the operation as rapidly as demand for the product and have been led into the use of overtime on a regular basis.

It is interesting to note that where overtime has been regularly scheduled it has had the effect of distorting the wage structure of the plant. The workers adjust their standard of living to depend on the continuance of the overtime and, in effect, count the overtime as regular earnings when they bargain wage increases. As a result the company emphasizes how high the worker's weekly earnings are without pointing out that the worker is working

long hours to earn them. The union leaders point out that sooner or later the workers will realize that they are "working 45 hours a week to earn what they should be making in 37 hours." In effect, they say the company is paying for the extra hours out of money which they save by paying low straight time wages. Indeed, Pioneer Electric and Dominion Electrohome (two firms with regular overtime) have both had to increase wages above negotiated rates in order to attract labor.

Workers are now starting to balk at long overtime hours in order to earn satisfactory weekly earnings. The Steelworkers indicate that in the near future they will begin a refusal to work overtime campaign at the Pioneer Electric plant. Each department will take turns refusing overtime (so that the company will never know where to expect the disruption) with the campaign ending in a plant-wide refusal to work overtime. This campaign will coincide with the current negotiations for union security, higher wages, and less overtime. A possible outcome may be a change ^{on the part of the company} to two or even three shifts per day as a result of this action.

iii) The Time Clock

Northern Electric has eliminated the time clock from its plants and has introduced a system whereby an employee does not leave his machine until his replacement arrives. All policing of arrival and departure times is done informally among the employees so that the replacement who arrives half an hour late "owes" the first shift worker half an hour to be repaid sometime when the latter wishes to leave early. The system has worked well and the employee is spared the ignominy of having to punch a time clock.

4) Seniority and Technological Change Provisions

The industry is characterized by fluctuations in employment which follow those of the general economy. Following the 1957-58 recession, during which the unions accused the companies of "housecleaning", i.e. laying off workers permanently while using the recession as an excuse, they began to look for protections against large-scale displacements of workers. The results were changed seniority provisions and, more recently, the introduction of technological change provisions.

Some of the bumping procedures which appear are rather interesting. At Ferranti Packard a labor grade seven is allowed to bump the junior employee in labor grades 5, 6, or 7. If he cannot perform the job in any of these three positions, or if there is no one less senior than himself there, he will be laid off and the company will be considered to have complied with the seniority provisions of the collective agreement. At R.C.A. Victor in Prescott ^{original} the/practice was to outline three possible avenues of bumping and the employee would exercise his right to bump in an order specified in the collective agreement. However, in a hurried last minute settlement the bargaining representative from the head office gave away the provision that specified the order so that now the ^{he wishes to follow.} employee has the right to choose which of the three avenues/ The personnel ^{must} manager, contact each person and ask him which method he wishes to use and then ^{he} must wait until the employee decides. The preparation of lists with three directions for each employee and the need to consult the worker imposes great costs on the company. We add, however, that the union thinks their provision is ideal and it has been a big factor in maintaining employee satisfaction especially in a plant where employment fluctuates so widely.

We find interplant seniority in cases where the company has more than one plant in a narrow geographical area. Hoover has interplant seniority

between its Hamilton and Burlington plants as does Westinghouse among its three Hamilton plants. A new employee at Westinghouse acquires departmental seniority after 60 days; intraplant seniority after 10 months and interplant seniority after 60 months. We note that interplant seniority is possible only where one local holds the bargaining rights at both plants. This suggests the desirability of establishing larger bargaining units if seniority provisions are to become important in transferring technologically displaced employees to other plants within the same company. So far the companies have not been responsive to the idea of transferring employees to plants outside the local area. Only at Frigidaire, which is part of a master contract including McKinnon Industries, would there be rights of transfer with full seniority among the separate companies. Since they are both divisions of General Motors they are considered by the union to be two plants of the same company, under the same master agreement, and therefore of the same seniority unit regardless of the existence of local agreements at each company.

The companies view the costs of preparing seniority lists and the delays in laying off workers due to seniority provisions as a burden to the company which must be borne.

No company could suggest a better way of handling layoffs which would be acceptable to the union. The union for its part, did not emphasize the need to protect the older worker as the reason for seniority as much as the fairness of a system where the foreman cannot exercise favoritism in layoffs. The seniority system seems to fit the workers' sense of justice better than any other. ^{probability of a high} Considering the correlation between experience and efficiency, it is quite likely that the companies are not losing much more money laying-off in this manner than they would using

any other method. Consequently we find no pressure from either side for revision of seniority provisions.

The importance of the seniority provision has probably been understated if we get the impression that it merely provides a "fair" system in cases of layoff. It is also the key protection, or the most frequently cited clause, which the union uses in cases of moving the plant to a low wage area. We remember that Amalgamated Electric was charged with transferring selected employees to the new Markham plant in violation of the seniority provisions of the collective agreement. In the absence of a plant-closing or a technological change provision it is the only clause on which the union can base a demand for the protection of the displaced workers.

Now that General Electric and Westinghouse have written technological change and retraining provisions into their collective agreements we can expect them to appear elsewhere in the industry. The pressure of technological change has not been apparent because of the growth of the industry in the last six or seven years. If we experience another recession we might expect to see a repetition of the "housecleaning" which took place in 1957-58. It is here that technological change provisions will meet their test. As long as the industry is growing it will absorb those who are displaced; but when it ceases to grow the major surgery begins and we can anticipate a ^{strong} union reaction to such surgery.

5) Supplemental Unemployment Benefits

The only firm which has an S.U.B. plan in the electrical products industry is Frigidaire which has such a plan by virtue of being a division of General Motors and part of a master agreement which includes the automobile manufacturing company. The plan offers them in times of layoff the lesser of:

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1) an amount which, when added to his U.I.B. and other compensation, will equal 62% of his weekly straight time pay plus \$1.50 for each of not more than 4 Dependents.

2) \$50. plus \$1.50 for each of not more than 4 Dependents.

The existence of such benefits has a definite effect on the industrial relations system of the company. When layoffs occur many of the older employees will accept layoff rather than exercise their right to bump. The S.U.B. pays them a sufficient amount to make the added leisure attractive. The benefits also have the effect of lowering the turnover of the plant work force since employees who are laid-off will not feel as quickly the economic pressures forcing them to look for alternative jobs at which they may subsequently remain. Economic theorists may object to such plans because they impede the flow of human resources from firm to firm or from industry to industry. However, we live in a "second best" world and to the extent that such plans provide for workers who are immobile for other reasons they must be considered socially desirable. The introduction of such plans to other firms in the industry is at least five years away...neither General Electric nor Westinghouse in the United States have agreed to S.U.B. and the Canadian plants will almost certainly not take the lead in instituting such benefits.

6) Pensions, Medical, Insurance, and Sickness Benefits

One would expect that an industry which has been unionized as long and as widely as the electrical products industry would have well-established fringe benefits covering the health and welfare of their employees. Indeed, this is true and most companies pay the cost of life insurance with coverage for their employees of anywhere from \$2,000 to \$6,000 with the employee's having the option to

purchase additional coverage. Most companies will pay half of the cost of the employee's medical plan / ^{while certain} large companies such as Northern Electric pay the whole cost. It is the pension provision which varies widely from company to company. Northern Electric has had a non-contributory pension plan since 1920; Westinghouse just converted this year to a non-contributory plan; while General Electric is still refusing to consider in principle the idea of a non-contributory pension.

We find in the industry, however, firms which have never been asked for a pension plan and other firms which offer pension plans in which the workers do not participate. Pioneer Electric in Winnipeg has such a high turn-over of labor that the average length of service is 2.8 years / ^{while} more than one-third of the employees have less than one year's seniority. It is futile to talk to these workers about vesting pension rights in the company and the union has never tried. R.C.A. Victor / ^(at Prescott) has a pension plan which is integrated with the Canada Pension Plan but only 33 of more than 400 employees take advantage of it and of these 23 are female. The union claims that when the company started in Prescott the workers were earning such low wages that they ^{not} could / afford pensions. Now the feeling is that the government will take care of them when they are ready to retire. At the other end of the spectrum Dominion Electrohome has a profit sharing plan which is integrated with their pension plan. The employees' share of the profits are put into the pension fund and the employees build up credits accordingly. In a plant with many long-service employees such a plan is very important and may offset the low wages which the company pays.

Sickness benefits are something for which the union often forgets to ask or ^{which it} / assigns a very low priority. Many companies mentioned that

they had to tell the union to ask for sickness benefits which the company was willing to grant. It appears as if sickness benefits become important once wages are no longer the single impelling demand and may reflect a change in the goals of the union. The right to take sick leave or to "take afternoons off to visit the doctor" has been one of the big differences between white-collar and blue-collar workers and once a union has gained its pecuniary goals it can turn its attention to settling these "inequities" between office and plant workers.

When I.B.M. put all its production workers on salary and allowed them the same sickness benefits as office workers they noticed a rise in absenteeism for the first few months as workers experimented with the new system. Then absenteeism fell below its former levels and has remained on the new low level ever since. The company explanation is that workers on an hourly rate will take time off whenever they wish because they feel they are paying for it themselves in the form of lost wages, while workers on salary feel they have an obligation to be on the job even if they are feeling poorly.

Northern Electric has been experimenting with such a system where production workers at their small Ottawa plant are on salary and are not required to punch the time clock. They have not, as yet, noticed any difference in rates of absenteeism between this plant and any of their other plants. Since the company is considering a 37½ hour week and the elimination of the time clock for its other plants they are looking for any indication of what results they might expect. As far as the present sickness benefit is concerned, the company pays workers after the second day away from the job and requires a doctor's certificate after 4 days away from the job. Their experience has

not been encouraging as the following example illustrates. The plant shutdown coincides with employees' vacations and ends on the day following the Civic Holiday (which gives the employees an extra day at the end of their holidays.) Because sick benefits begin after the second day away from work and the worker can be absent from work for four days without producing medical proof an employee could forego his earnings for the Tuesday and Wednesday following the Civic Holiday, collect sick benefits for Thursday and Friday, and thus gain an extra week of "paid" vacation. The company points to an absenteeism rate which was 15% above normal as evidence that many employees took advantage of the plan in this way. Consequently, the company will be very chary about granting sick benefits after the first day of illness.

To place the electrical products industry in the context of the other manufacturing industry, we find that only/petroleum products and transportation equipment industries have as high a percentage of their employees covered by sickness and accident benefit plans.

7) Attitudes as Outputs and Inputs

The outputs of the industrial relations system as expressed by the substantive rewards such as wages, hours of work, and fringe benefits have not really been the outputs which have re-entered the system as inputs. To begin with, none of the substantive outputs have been so spectacularly high nor so dismally low that they have been the subject of hot controversy between labour and management. We have indicated instances where specific

provisions or isolated incidents have provoked an eruption in the industry, but there are no overriding problems common to all firms in the industry which transmit their influence into labour relations. In such a situation, therefore, the way in which the system functions and ^{how it} influences the attitudes of the workers may play a more important role in shaping labor management relations than the substantive results which the system produces.

We are not saying anything new when we suggest that the initiative for good relations rests with the companies rather than with the unions. The functioning of the system follows from the attitude of management to collective bargaining and the priority it assigns to employee relations; from the way in which the company has adjusted itself to the presence of the union; and from the spirit in which the company carries out the terms of the collective agreement.

It appears as if the industry has not assigned employee relations as high a priority as it places on improving productivity, expanding the size of the market, or developing new products. All these others are, of course, of paramount importance if the economic welfare of the worker is to be improved, but there are numerous examples in the industry to show that economic welfare is not the primary factor entering industrial relations on the workers' side. One of the main factors in industrial relations, for example, is the character of the personnel manager. One company in the late 1950's was advised by a consulting firm to change personnel managers and to revise its rigid policy towards the settlement of grievances (after it found itself with a strike and a grievance procedure clogged with unsettled grievances destined for arbitration). At the present time the union accepts the new personnel manager as one who can be trusted to be fair and who has the

confidence of the upper management to settle grievances at the first or second stages. The long history of good relations (in spite of low wages) at another/^{firm} is likewise attributable largely to the competence of the industrial relations manager and the relationship he has developed with the union. The important thing to notice is that the industrial relations officer can produce good relations only to the extent that he has freedom to act with the full support of the company for what he does. The unions know where the authority lies and will generally go over the head of an officer if he has frequently been reversed by higher authority.

It was uncommon for a personnel manager to have had specialized training in employee relations before coming into the job. On more than one occasion we were told that the incumbent had come to the job with no previous experience and was thrown into negotiations within three months of his arrival. In many other cases personnel matters and negotiations were directed by an official such as the works manager who was concerned with industrial relations only on a part time basis.

In many cases there has not been a clear definition of policy on the side of the company which has led to inconsistency in behavior. In some cases the company may find itself branded as "niggling" when it fights a grievance as a "matter of principle" even though the cost of the case far exceeds the cost of a first stage settlement. In other cases it may settle as a matter of expediency even though an arbitration board might rule in its favour. Generally, however, most companies adopt the principle that they will not fight a grievance past the second stage if they are not absolutely confident of winning any arbitration case which results.

We would probably conclude, therefore, that the ^{seemingly} low priority which has been assigned to industrial relations in the industry probably has meant that employee morale has been lowered and problems have arisen which would have been unnecessary if more attention had been paid to employee relations. Relations in the industry would be improved if there were a clear definition of company policy which is consistently followed and better preparation for the job on the part of personnel managers. We add that unions could benefit from clearer statements of goals and better trained local representatives.

We are only likely to find an emphasis on employee relations in two cases: where a non-union company such as I.B.M. provides within itself all the services available from a union; and second, where the company has adjusted itself to the fact of unionism and has accommodated itself to the legitimate demands of the union. It may be said that management in the electrical products industry has accepted the fact of unionism (with only a few isolated cases of unrelenting hostility). However, the majority have accepted it as a situation to be endured rather than one to be exploited. Few have attempted to utilize the union as a means of improving efficiency; rather they have feared the union would sabotage any cooperative program or use the opportunity to usurp more of management's rights. The attitude of the companies as seen by the worker may be stated ^{stated} as succinctly as it was/to us, 'you're just a union man... you're no good! "

The attitudinal structuring of the two parties becomes an overriding consideration in an industry where only gradual changes are taking place in the conditioning inputs. Where employment is steady, jobs are secure, and wages are adequate, the worker can concern himself with matters of pride and principle. Favoritism by the foreman, strict discipline, and

annoyances such as punching a time clock can become major issues in the minds of the workers. The inability to get a company response to minor complaints becomes "proof" that the company does not care about its workers.

The findings of a six year study of motivation research at Texas Instruments Corporation may throw some light on developments in our industry/^{as well.} The company experienced phenomenal growth during the 1950's but the rate of growth declined in 1960 exposing the latent problems associated with supervisory ineptness and communication breakdown. Workers who were formerly motivated by a sense of contribution to a growing concern began to rely on supervision to goad them into hard work. The study found that workers became dissatisfied when opportunities for meaningful achievement were eliminated; they became sensitized to their environment and began to find fault.

Dissatisfiers are made up, essentially of such matters as pay, supplemental benefits, company policy and administration, behavior of supervision, working conditions and other factors basically peripheral to the job itself. Management has always viewed these factors as motivators of workers but they were found to be more potent as dissatisfiers. High motivation does not result from their improvement, but dissatisfaction does result from their deterioration. Motivators for the most part, are the factors of achievement, recognition, responsibility, growth, advancement, and other matters associated with the "self actualization" of the individual on the job.

Since the electrical products industry employs a large number of women in manufacturing jobs (about 30% of the labor force) we should be interested in finding out what factors are satisfiers of female assembly workers. The Texas Instruments study found that supervision was the crucial factor: fair, competent and friendly supervision was a satisfier while

favoritism, incompetence, and unfriendliness were dissatisfiers. The psychologists concluded that despite women's cherished status of equality, most female assemblers seem to prefer to relate themselves to their supervisor in a dependent role. To these female assemblers, many of whom are single, widowed, or divorced, the supervisor is an important person (sometimes the only one) to whom she can turn for understanding, affirmation, and recognition. Such findings clearly indicate the necessity of having foremen who are sensitive to the needs of the female worker.

Recognition appears to be one of the prime motivators of all workers. Bonuses and pay increases are motivators partially because they include an element of recognition. "Unearned recognition" in the form of friendliness towards and personal interest in the worker is no substitute for earned recognition, but it can maintain motivation once it has been created. Among male workers the sense of achievement associated with a job well done was a primary motivator. In one plant producing heavy transformers the whole plant work force comes to watch each time their 200 ton creations leave the shop on flat-cars. The sense of achievement which comes from completing such a large item, unfortunately, is not reinforced by policies designed to maintain the motivation of the workers. Recognition is especially important to workers who see only a small portion of the total task. In such cases it is the only criterion of achievement and progress available to them.

Since the foreman is the personification of the company as far as the shop workers are concerned it is he who must assume the responsibility of satisfying the needs of the workers:

The role of the competent supervisor includes providing each individual with the requisite job information, maintaining high performance expectations, encouraging goal setting and the exercise of independent judgment,

providing recognition and rewards commensurate with achievements, and maintaining an atmosphere of approval in which failure is a basis for growth rather than recrimination. (23)

The foreman's ability to do these things depends on several factors including the freedom and authority he has, the pressure on him from higher management, and his degree of identification with either the company or the union.

Large numbers of the foremen in the electrical products industry have been promoted to the position from the line. In some cases they have been union officers who have been tempted away from their positions in the ranks of labour by the offer of a position in lower management. Often the switch has occurred just after the individual had resigned as union president or had been defeated in the union elections. The companies commented that they have for a long time promoted their own workers and have not noticed ^{any} serious repercussions. The new foremen have never had the fault of being lax in disciplining their former workmates...the usual problem with them is that they become overly zealous and sometimes give rise to unnecessary grievances.

The role and importance of the foreman varies widely from firm to firm. At one company the foreman's authority in the shop is supported by upper management to the point of defending his grievance decisions right to arbitration, even when expediency and in some cases justice might demand an earlier settlement. At another plant the foreman is bypassed in the chain of authority as far as grievances are concerned. Another company expressed the view that you cannot leave the settlement of a grievance to the foreman because he is likely source of it. The role of the foreman in industrial relations, however, is not a primary focus if we are looking for ways to improve the system. His role is derived from the wider

forces at work in the particular company and in the particular sub-industry in which he is working. If the conditioning inputs for a plant were different we would find that the role of the foreman would also change.

There is no doubt about the fact that the attitudinal structuring of the actors affects their demands at negotiations. Every union mentioned that in formulating their demands they review all grievances over the life of the agreement...this not only gives them concrete problems to solve but also puts them in the proper fighting spirit. Often when a grievance has been poorly settled the union newspaper will carry an article which states in one form or another "justice has not been done and the members will not forget it at the next negotiations."

We can conclude our discussion of the outputs of the system and how they re-enter the system as inputs. It is appropriate, perhaps, that we have ended with a consideration of some of the personal and emotional factors which enter collective bargaining since bargaining in an industry such as electrical manufacturing is a conflict between actors as much as a conflict between economic interests.

PART F :SOME OVERGENERALIZATIONS1) The Industrial Relations System

In this section we shall attempt to draw some of the loose ends of the earlier analysis into a generalized model of industrial relations in the Canadian electrical products industry. It is not intended that this description be an accurate picture of any particular firm in the industry, but merely that it give an indication of some of the more important factors and how they affect the functioning of the system.

The industry is concentrated both spatially and in terms of the division of the market among the producers. Although there may be several/^{producers} in every three-digit industry, the great inequality of firm size makes the concentration very high. We expect, therefore, a high degree of price leadership by the large firms which set their prices high enough to shelter the smaller firms from the winds of competition. Hoover has been able to maintain its position in the vacuum cleaner market because General Electric and Westinghouse have not lowered their prices and attempted to compete as vigorously as they might. In similar fashion the wire and cable companies have not used their economic strength to compete with the smaller companies by lowering prices. Rather, they have established uniform prices designed to encourage the existence and growth of such competitors. There have not been many new entrants to the industry over the period of the study and relative positions of the established firms have not changed.

On the union side a similar sort of stability has been in evidence. The U.E. remains concentrated in the main plants of the large companies and in its narrow geographic area. The I.U.E., meanwhile, ^{has been} / faced with little challenge to its ascendancy in the peripheral plants of General Electric and

Westinghouse and in the main plants of some large companies such as R.C.A. Victor. The Northern Electric Employees Association still represents the workers in the main Montreal plants although a change seems to be imminent. Given the institutional stability of the industry, we would expect to find new and sophisticated procedures for handling the problems which arise in day-to-day operations. Instead of innovation and experimentation, however, we find a reliance on the "traditional forms" of collective bargaining.

The companies are faced with competition from lower cost American firms which forces them to make continuous adjustments which will increase their efficiency and competitive ability. The companies have responded to competition by making organizational changes which increase the general efficiency of production; by changing the methods of production and the capital structure of the plants, and by subcontracting out work to lower cost producers. The industry/^{seemingly} used the 1957-58 recession as an excuse for getting rid of redundant workers who were made unnecessary by the reorganizations. The unions have recently begun to introduce technological change provisions which will impart some measure of security to workers who are liable to displacement. These are intended to supplement existing seniority provisions. Since the market for electrical products fluctuates with the general economy seniority has been a major emphasis of the union.

One of the means of adjusting to competition has been to move firms to low wage areas where the wage advantage offsets the productivity differential. There has never been any objection to the opening of additional plants in low wage areas; but where the company closes its original plant and moves to a low wage town with no provision for its old employees

it has evoked public censure and union bitterness. The recent demands of the unions for job protection schemes is an example of how the industrial relations system adjusts itself to changes once they are perceived.

In general, however, the industry has not introduced anything new to the area of collective bargaining. Negotiations are still carried out with rigidity on both sides. Although the shouting and table-thumping is disappearing there has been no real rapprochement. The companies will not consider opening their books to the unions and the unions would not believe the figures the company would give them. There are problems of interpreting accurate facts: the companies emphasize the labor-cost advantage that the Americans have, while in Canada the unions point out that wages have risen less than output per man-hour. Negotiations usually go to conciliation and agreement comes about, in the minds of both parties, through an implicit test of economic power as the strike deadline approaches.

When a strike is called the parties are left free to test their economic strength. There is seldom any violence or bitterness associated with a strike unless the company attempts to use strikebreakers to continue its operation. This changes the nature of the strike from an economic struggle over economic prizes to an organizational war where continued existence is the goal. The only examples, however, of this type of behaviour have had to do with runaway firms. Most companies will suspend operations and wait for economic forces and continued negotiations to bring an end to the strike.

The substantive outputs of the system compare favorably with those of manufacturing as a whole. Wages are about average while sickness, accident, and insurance benefits are better than average. Vacation provisions are better than average. From conversations with the unions, however, the most common sources of poor relations are peripheral to the job itself. These problems, which are handled by the grievance procedure, have been the determinants of

the worker's attitude towards the company. These attitudes in turn influences the posture of the union in negotiations.

It appears as if we have an industry which has a traditional but nevertheless effective system for handling negotiations. It / ^{seems as} yet unprepared to handle the problems of major adjustments which might soon be necessary following the tariff reductions. In the absence of any major changes, however, the major concern will be to develop procedures for meeting the personal needs of the workers. The case of I.B.M. was cited as a unique example of a company which attempts to prevent rather than ^{to} solve grievances.

As the industrial relations system matures it will have to become more concerned with prescription and less concerned with maintenance of the status quo. The electrical products industry with its stability of company and union structure might provide a controlled environment in which new techniques and new concepts of industrial relations could be tried. It is unfortunate that this has not been done.

2) Shocks to the System

If the foregoing analysis gives an accurate schematic outline of industrial relations ^{in the industry} we should be able to use it to speculate about how the system might adjust to shocks from outside. We will be interested, for example, in whether or not the system can adjust itself to the shock and what changes this will make in industrial relations in the industry.

a) The Tariff Reductions

Let us assume that the negotiators at Geneva miscalculated and the tariff reductions they made will constitute a major hardship to the industry. The increased competition will make it harder for the large firms to practise price leadership which protects the smaller firms. Instead, they will be

forced to cut prices to compete with the American producers and new competitors which might come from Western Europe.

Obviously, the Canadian cost of manufacture will no longer be able to exceed the American cost by as much and the wage-productivity relationships will have to come into line with the American ratios. The union's bargaining power will be weakened to the same extent the company's control over prices is weakened. There may be a tendency for companies to move to lower wage areas and as they do they will upset the union's jurisdictional strength giving rise to interunion rivalry over these new plants. To the extent that the unions have not prepared for large dislocations of workers and have not got technological change provisions there may be dissatisfaction with the existing unions and a new union force may enter the industry from outside e.g. the U.A.W. or U.S.W.

b) A Change in Union Structure

We may not have to wait until recession or competitive adjustments begin to breed dissatisfaction among the workers and provide fertile ground for union raiding. The U.A.W. has the capacity to upset the whole stability of the union structure in the industry by taking over the Northern Electric workers. This is an institutional change from within the system which may upset the whole pattern of collective bargaining in the industry.

As we mentioned earlier we would expect the U.A.W. to move from the Northern Electric plants to General Electric, Westinghouse, and Canada Wire and Cable. If it is able to add these firms to its control of Frigidaire it will be the certified agent of the workers in all the giant companies. The workers at the smaller firms would not be long in seeking membership in the U.A.W. once the large plants will have changed. We may anticipate,

therefore, a new pattern of collective bargaining in the industry.

3) Conclusion

Industrial Relations in the industry has been following traditional patterns and has not really innovated new procedures or introduced new concepts. This will change as the industry is forced to make adjustments to changing economic conditions or as new unions introduce new concepts. Since the industry can^{probably} adjust to such changes it would be overdramatic to say it is at a turning point; let us merely say that it is at a point of inflection.

Footnotes

1. Craig. A.W. op. cit. p12.
2. Combines Investigation Branch, op. cit. p240
3. Report of the Director of Investigation and Research 1961 p 21.
4. op.cit. p 21.
5. Gilstorf, R.C. A Comparison of the Electrical and Electronics Industry in Canada and the United States Table 2 (Appendix)
6. Research Department, James Richardson and Sons. Canadian Westinghouse Company Limited 1966 Research Circular
7. Gilstorf, R.C. External Trade Study p 13.
8. Marquez V.O. "Freer Trade"
9. Galbraith J.K, "Impact of Collective Bargaining"
10. C.E.M.A. Submission p 3-4.
11. United Steelworkers of America, Submission p 11.
12. United Auto Workers, Submission p 1
13. Galenson, W. The CIO Challenge to the AFL p263
14. Northrup, H.R. "Boulwareism v. Coalitionism" p4.
15. ibid. p 10.
16. Selekman B.M. "Cynicism and Managerial Morality" p64
17. Northrup, H.R. "The Case For Boulwareism" p96.
18. Selekman, B.M. "Cynicism and Managerial Morality" p64.
19. U.E. Canadian News, June 6, 1960.
20. U.E. Submission p 16-17.
21. C.E.M.A. Submission p 5.
22. U.E. Submission p 3-4.
23. Myers, Scott. "Who Are Your Motivated Workers" p 86.

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- 13) United Electrical, Radio and Machine Workers of America (U.E.)
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- 14) United Steelworkers of America (C.L.C. - A.F.L. - C.I.O.)
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